A U.S. DEPARTMENT OF COMMERCE WEEKLY

International Commerce

July 18, 1966

World Trade Outlook

International Trade Winds

Company News

TRUCKS—Clark Equipment Co., Buchanan, Mich., has purchased a new 40,000 sq. ft. plant for its wholly-owned subsidiary, Eximia S.A. in Buenos Aires. The expansion provides additional capacity for production of the company's line of forklift trucks and enables Eximia to manufacture the Tyler line of commercial refrigeration equipment for the first time.

TELEVISION SETS—A new subsidiary has been set up by General Telephone & Electronics International Inc. to manufacture the first television sets in Jamaica, West Indies. The new wholly-owned firm will market the TV sets under the Sylvania brand name.

ENGINEERING—Badger France, subsidiary of the Badger Co., Inc., of Cambridge, Mass., has been awarded a contract by Rhone Alpes, for the design, engineering and construction of a 287 million pounds-per-year aromatics unit producing benzene, toluene and xylenes, at Rhone's existing complex near Lyons, France.

CHEMICAL PRODUCTS—Dow Corning SpA has been established in Milan, Italy, by the Dow Corning Co. of Midland, Mich. The Italian operation will distribute the full range of Dow's chemical products, especially silicone products.

AIR CONDITIONERS—Honeywell, Inc., Minneapolis, teamed up with its Spanish distributor to form a Spanish subsidiary, Honeywell, S.A., which will distribute Honeywell products, especially air conditioners.

MACHINE TOOLS—Giddings & Lewis Machine Tool Co. of Fond du Lac, Wis., and Schiess Aktiengesellschaft, Dusseldorf, Germany, will acquire jointly Nassovia Werkzeugmaschinenfabrik of Langen, Germany. The U.S. firm will enter into an agreement with Nassovia, licensing the firm to manufacture numerically controlled vertical spindle drilling machines, including automatic tool changing, and numerical controls for drilling machines and horizontal boring, drilling and milling machines.

Newsletter

Have you completed the questionnaire in the July 4 issue? We need your answers to further improve INTERNATIONAL COMMERCE. Responses so far indicate lots of reader interest. Check your copy of July 4 and if you haven't completed the questionnaire send it along today.

280 Foreign Service Posts around the world are responsible for the commercial reporting found in this week's World Trade Outlook. The on-the-scene information has been carefully summarized, analyzed and studied for trends by Commerce specialists in Washington.

Landlocked but not tradelocked is Utah. Among its $75 million in current annual exports, reports the Commerce Department's Salt Lake City Field Office, are dry cleaning presses to Russia and Britain, earthmovers in Pakistan and Thailand, drilling equipment in Peru and Australia, coalburning heaters in Japan.

John Deere did a half million dollars worth of business just before the Novi Sad Fair opened in Yugoslavia. Said they negotiated as much again during the fair. John Deere has been active in Yugoslavia for less than two years. Lots of sales in ice making equipment, too.

Keen-eyed readers tell us they sometimes get a head start on the country analysts by tabulating the Trade Opportunities of various countries. For example, this week there are three opportunities to sell equipment to Uruguay for certain types of processing and manufacturing plants--an indication that unusual development is underway in in these areas.

A free mail course in foreign credit insurance is offered by: Educational Department, FCIA, 250 Broadway, New York 10007. Also offered free is the revised "Guide To Export Credit Insurance" containing details on coverage liberalized since first publication. FCIA links more than 65 insurance companies with the Export-Import Bank to insure U.S. exporters' trade credits.

"A real eye opener for both the Scandinavian visitors and ourselves." That's the conclusion of general sales manager Jack W. Mahler of the Dzus Fastener Co. after his firm's participation in the Industrial Fastener Exhibition at the U.S. Trade Center in Stockholm. He says the turnout was "heartwarming."

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for the detailed know-how and analysis in our regular news columns.

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the cover

This is the reverse side of the "Trade Dollar" shown on the cover. For explanation of this coin, see back cover.

International Commerce

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Trade heads to records

Imports will increase faster than exports, however, reducing trade surplus

U.S. exports and imports are headed toward new record values again this year. It will be the eighth consecutive year of expansion for our exports and the fifth for imports.

Following last year's pattern, however, imports will increase faster than exports, resulting in a reduction in our trade surplus from 1965 levels.

The value of exports last year reached $26.6 billion and imports, $21.4 billion.

This year's increase in exports is expected to exceed substantially the 3½% gain registered last year over 1964. In fact, it may well surpass the 7% rate of expansion recorded in the first five months of this year over the 1965 level.

New sales opportunities

The pick-up in economic activity in Japan and certain European markets is presenting new sales opportunities for U.S. producers, while continued growth in the Canadian and other industrial economies is bringing greater demand for our exports. In addition, advances in AID and PL-480 shipments to several developing countries will help swell the total to these areas.

Foreign purchases of U.S. consumer goods and capital equipment are rising, and there is also some stockbuilding of industrial materials abroad as prices rise overseas. Exports of machinery, chemicals, and transport equipment, which registered especially significant increases in the first five months of the year, are expected to continue at high levels for the remainder of 1966. Among agricultural commodities, wheat, animal feed, and soybeans will probably be the major gainers this year.

It is anticipated that the rise in commercially financed exports will considerably exceed their estimated 5% gain of last year, especially in non-agricultural products. Estimates of Government-financed shipments, which fell in 1965 as PL-480 exports (excluding barter) dropped by about one-fifth, indicate a rate of increase in 1966 which would be about the same as that anticipated for commercially financed shipments.

The growth in U.S. exports this year will continue to be somewhat limited by the preference of many American suppliers for filling domestic ahead of export orders. If our economy continues to operate at a high level throughout the year, as is anticipated, this practice may moderate the expansion of U.S. exports to some extent.

Imports are expected, at a minimum, to maintain their 1965 rate of expansion of 14%. Industrial production should reach new records in 1966, and the advance in business investment may well top last year's 16% increase. Nevertheless, imports of nonagricultural products are not likely to increase at the 19% rate registered in 1965, primarily because of the decline in imports of steel this year following last year's strike-hedge buying. The slowdown in the growth of nonagricultural imports is likely to be more or less offset by increased arrivals of agricultural products. This will be in contrast to 1965 when such imports declined slightly in value.

As indicated in the accompanying chart, a number of major manufactured exports have advanced through May of this year at a rate in excess of the average 10% gain for manufactures.

The generally rising standard of living in many foreign countries, increased industrial needs, and intensified sales promotion efforts by U.S. manufacturers lifted our exports of air conditioning and refrigerating equipment in the first five months 27% above the average 1965 level. Prospects are bright for continued gains for the rest of 1966.

Most of the one-quarter gain through May in sales of civilian aircraft was in

This article was prepared by the International Trade Analysis Division of the Commerce Department's Bureau of International Commerce, which also provided data for the accompanying table and chart.

Imports of most major manufactured products show increases over last year's averages

	January-May 1966	
	Value ($ millions)	Change from 1965 average (%)
Manufactured goods, total	5,514	+18
Aircraft	73	+150
Automobile parts and engines	109	+100
Motorcycles	104	+91
Automobiles, new	483	+76
Agricultural machinery and tractors	148	+43
Office machines	73	+36
Textile machinery	82	+23
Chemicals	399	+23
Copper	210	+20
Gem diamonds	154	+19
Aluminum	131	+18
Textiles other than clothing	389	+16
Telecommunications apparatus	152	+15
Wood and cork manufactures	124	+9
Newsprint	357	+8
Clothing	204	−9
Iron and steel-mill products	398	−16

shipments to West Germany, Canada and Sweden. Although some overseas buyers may experience delays in delivery from U.S. manufacturers because of our sharply increased military demand, 1966 should be another good year for aircraft exports. Flown by most major airlines throughout the world, U.S. jet aircraft have gained a reputation for reliability, ease of maintenance, and economy of operation.

Exports of engines and parts, up 20% from last year's average, will continue to be stimulated by the U.S.-Canadian automotive agreement which permits duty-free movement of these products between the two countries. The advance may moderate somewhat later in the year.

The one-fifth expansion in the value of copper exports stemmed entirely from higher prices. The shortage of this metal in the United States as a result of increased civilian and military requirements, together with restrictions on exports, limited the quantity of copper shipped abroad to about last year's level. This situation is not expected to change during the remainder of 1966.

Buy more computers

Strong gains in office machine exports primarily reflected greater shipments of electronic computers. Indications are that the high demand for computers will continue for the remainder of 1966. Industrial countries will again be the major buyers, as automation of industrial operations and data processing continues.

Professional and scientific instruments sales continued to gain in the first five months, though at a smaller rate of expansion than last year. Primarily responsible were rising exports of measuring and controlling instruments. Foreign demand will probably be strong throughout the year for these instruments.

Advancing at about the average rate of gain in January-May were such significant manufactured exports as plastic materials, new cars, and agricultural machinery. Sales of semifinished plastic materials should continue to advance throughout the year in response to increased use in packaging, construction, and other industries. Shipments of manufactured fertilizers and insecticides also are expected to gain. U.S. exports of chemicals, which have risen 9% this year, have been aided by the fact that European plants are operating at full capacity and producers there are finding it difficult to meet the growing demand.

Passenger car exports have moved at an increased pace so far this year, primarily to Canada and to a lesser extent to Latin America. They should continue above 1965 levels for the remainder of the year.

In view of labor shortages in industrial countries and the urgent need to improve farm productivity in developing areas, U.S. exports of agricultural machinery and tractors are likely to continue to advance again this year. A large part of these exports will be in the form of parts and components for assembly abroad by U.S. subsidiaries.

Below-average gains

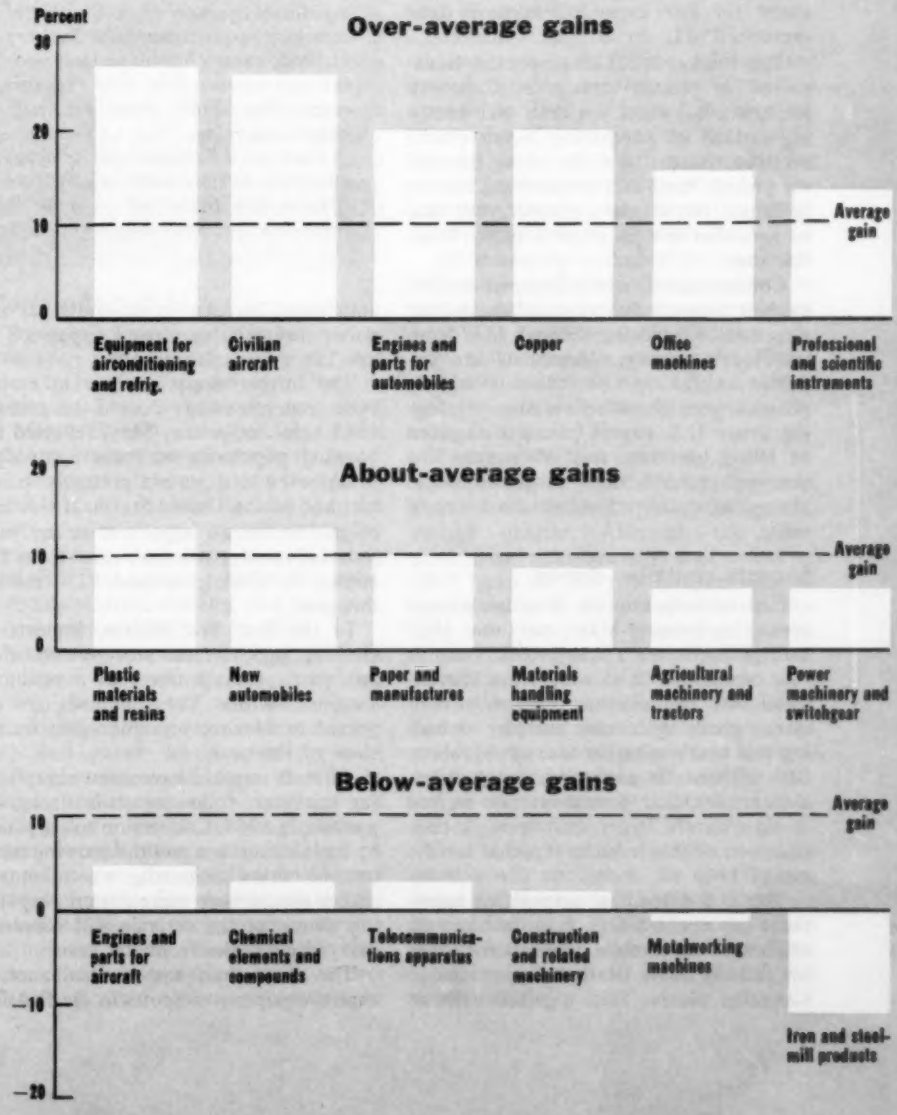
For a number of major exports, the rate of gain in January-May was significantly below the average increase for manufactures as a whole. Included in this group were such commodities as engines and parts for aircraft, chemical elements and compounds, and telecommunications apparatus. The outlook for significant expansion of these exports does not look promising for the remainder of 1966.

A declining export again this year will be metalworking machinery, as capacity overseas continues to increase and demand here remains unusually strong. Shipments in 1965 fell by $76 million from their high 1964 level. Through May, they declined further, and this trend is not expected to change for the rest of 1966.

Exports of iron and steel-mill products

Cooling equipment leads gains of major manufactured exports

January-May 1966 compared with 1965 monthly average



Note: Average gain for manufactured goods was 10% and for all exports, 7%.

also are pointed toward another sizable drop. In addition to a reduction in AID-financed shipments, increased competition from other suppliers will continue to depress U.S. exports of these products.

Agricultural exports may rise to a new record this year, topping the previous peak in 1964 by as much as $300 million. Increasing PL-480 exports, notably wheat to India, should contribute substantially to this advance. Commercial sales are expected to expand by 5%, about the same rate as last year. Increased sales of soybeans and feedgrains will be partially offset by declines in exports of oils and cotton.

So far this year, wheat exports have risen by 30% over the 1965 average, with India and Yugoslavia the major expanding destinations. Most of the increase in shipments of feed in January-May went to Western Europe. Increasing livestock industries, greater feeding of high protein grains, and lower feed production in the region will largely account for our expanded sales of feed there in 1966.

The market for U.S. soybeans is expected to remain strong, as European importers buy more for their own crushing instead of purchasing higher priced oil. This factor, plus the rising demand for protein meal and the growing market in Japan, our largest customer, will lead to a further rise in exports of soybeans this year.

Cotton exports, which dropped in 1965 to their lowest value since 1959, showed a further 29% decline through May from last year's average. Shipments are expected to pick up after the new subsidy program goes into effect on Aug. 1, bringing lower U.S. export prices. Compared to 1965, however, total shipments this year will probably not show a substantial change in quantity and will be lower in value.

Imports continue strong

Expansion in imports of manufactured goods in January-May over the 1965 average registered a strong 18%, but this rate represented a slowing from the unusual 24% rise last year. Imports of consumer goods again rose sharply, exceeding last year's monthly average by about $80 million. In particular, automobiles, motorcycles, and gem diamonds arrived in significantly larger quantities. A continuation of this trend is expected for the rest of 1966.

The U.S.-Canadian automotive agreement has enabled U.S. manufacturers to rationalize automobile production further by shifting some of their operations to Canadian plants. This, together with an anticipated increase in economy car imports, insures a continued expansion in new car arrivals this year.

The further sharp increase in motorcycle imports, nearly double the average 1965 value in January-May, reflected the growing popularity of these lightweight machines, which are not presently manufactured in the United States. If this rate of gain continues, imports of motorcycles into this country will have risen from $38 million in 1963 to around $250 million this year.

In the first five months, imports of clothing, toys, and antiques were all below last year's average level as a result of seasonal factors. These imports are expected to advance in value again by the close of the year.

Aircraft imports have risen sharply so far this year, following their strong expansion in 1965. Conversion to jet planes by regional airlines and the growing number of firms acquiring executive-type planes should keep these imports expanding. Some of the arrivals will represent delayed deliveries from last year.

The more than one-third advance in capital equipment imports in the first five months largely reflected continued high demand for foreign machinery in the United States. The planned high rate of capital outlays should sustain imports of most major types of machinery throughout the year. U.S. firms are expected to continue purchasing substantial quantities of parts and components for agricultural machinery from their subsidiaries abroad for assembly here. Record demand in this country, fast delivery from abroad, and improved service facilities will boost foreign purchases of machine tools.

January-May imports of textile manufactures rose significantly, and this growth is expected to continue through the year. New sources of supply and new products caused imports of textile manufactures of manmade fiber to expand most sharply, but cotton and wool textiles also registered sizable increases.

U.S. imports of chemicals in the first five months increased by nearly a quarter over the 1965 average. This expansion, more than double the rate recorded last year, stemmed from expanding military and civilian needs. Since strong demand is likely to persist and more fertilizer materials from U.S.-owned facilities in Canada will be required to support our growing fertilizer production for export, chemical imports should show a significant advance in 1966.

Large increases in domestic requirements for copper and aluminum will cause a continued rise in imports of nonferrous metals in the next few months. Copper should show the biggest expansion in value, but aluminum is also expected to advance significantly. Imports of both metals gained by about a fifth in value through May over the 1965 average.

Although steel imports were valued 16% below the 1965 average in January-May, they were nevertheless a third higher than in 1964. A widened price differential between domestic and foreign steel is expected to cause imports this year to exceed substantially the level reached in 1964, even though they will remain below last year's exceptional value.

Following a marginal decline in 1965, imports of agricultural products should register a sizable increase this year. Meat imports will be considerably higher because of the tight supply situation in this country. Substantially larger wool imports will be required to meet growing demands from the apparel industry. The strong advance in coffee purchases experienced in the first five months, however, will probably slacken, so that the volume for the year may be only slightly above the 1965 total.

World trade outlook

Current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business are summarized on the following pages.

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on up-to-the-minute reports from U.S. Foreign Service posts, international economic organizations, and other sources.

Accompanying most of the articles are data showing the value of each country's total imports and exports, and U.S. share of this trade, during 1965.

To show U.S. foreign trade with a few countries from which recent statistics are not available, Bureau of the Census data have been used. Due to the declassification of a significant portion of U.S. special category export data on January 1, 1965, export figures for last year are not comparable with the corresponding 1964 data for individual countries.

Data on U.S. trade with selected countries not covered in separate articles are presented in a table following the final country report.

Canada

Robust growth should result in record foreign trade levels again in 1966

By X. W. EILERS
European Division, BIC

Canada's Imports, 1965

Total imports	$8,006 million
From U.S.	$5,608 million
U.S. share	70%

Canada's Exports, 1965

Total exports	$8,127 million
To U.S.	$4,682 million
U.S. share	58%

Canada's chief imports from the U.S.:
Industrial and farm machinery, automobiles and parts, steel, electrical equipment, cotton, fresh fruits, vegetables.

Canada's chief exports to the U.S.:
Newsprint, wood pulp, lumber, crude petroleum, iron ore, nickel, aluminum, fish, natural gas, asbestos, copper.

The record level of U.S. exports to Canada achieved in 1965 is expected to be surpassed in 1966.

U.S. exports to Canada for January-April were valued at $2,035 million, including the special categories, compared with $1,631 million in the first four months of 1965—a gain of 25%. While this phenomenal increase is not expected to continue, the prevailing vigorous economic activity in North America augurs well for a further increase to a new all-time high in U.S.-Canadian trade.

The gain in U.S. imports from Canada during the first four months of this year was equally impressive. U.S. general imports for the period were valued at $1,812 million, a gain of 26% compared with $1,437 million in the same period of last year.

The upward movement of Canada's export trade with the world has been somewhat irregular in recent years, largely as a result of the changing demand for a number of major items, such as wheat. Following an unusually large advance from 1963 to 1964, total merchandise exports showed little further growth for most of 1965.

However, the huge wheat sales to the USSR caused an upward trend in the closing months of the year, and at the end of first quarter 1966 exports were running nearly 20% higher than the same period of last year.

The recently concluded agreement with the USSR for additional large shipments of wheat over the next three years, will provide important returns to the farmers on the Prairies and will bolster Canada's foreign exchange reserves.

Since the beginning of the current upswing in early 1961, the total dollar value of Canada's output of goods and services has increased by over 40%. Last year it exceeded C$50 billion (US$46.5) for the first time.

The Federal budget of March 29 was designed to hold the gain in GNP during 1966 to 8½%, compared with the 9.7% increase achieved last year, but some economists are predicting this level is almost certain to be exceeded.

Business confidence in further economic expansion is borne out by most indicators during the early months of 1966. According to a Government survey new capital investment in Canada, public and private, is forecast at a record C$14.5 billion in 1966 and exceeds by nearly 14% the previous high of C$12.8 billion in 1965. These plans call for a 12% increase in construction expenditures and a 17% increase in outlays for production equipment.

New investment is expected to be most pronounced in pulp and paper, primary metals, transportation equipment and chemical industries, with proportionately large imports of U.S. machinery and equipment, mainly in lines not made in Canada.

Won't affect U.S.

The investment program is believed to have been sufficiently far advanced that the tax changes designed to restrict or postpone capital investment, announced on March 29, will not appreciably affect U.S. exports in these categories this year.

Investment in housing is expected to increase only moderately due to the shortage of mortgage capital and rising interest rates. Outlays by manufacturing industries for certain consumer goods, including textiles, clothing and furniture, may be down slightly from 1965.

Machinery, the largest single item in our export trade with Canada, is running 30% higher than last year with significant increases being registered in mining, pulp and paper, leather working, and food processing machinery, as well as pumps and centrifuges, heating and cooling, and materials handling goods.

New records were also established by many items in the electrical machinery trade during the first quarter, including: control equipment, computers, scientific instruments, office machines and telecommunications equipment. U.S. exports in some of these categories consisted in part of components to be used in Canadian production.

Canadian imports of U.S. farm machinery were again higher, reflecting the record income received by Canadian farmers in 1965, estimated to have exceeded by 8% the previous high established in 1964. Although nearly all types of agricultural implements shared in the increase, tractors and harvesting equipment imports were unusually large.

An increasing volume of raw and semi-fabricated products will be required to feed Canada's booming secondary industries. The latest available statistics indicate that Canadian imports of plastic materials, leather, synthetic fibers, rubber and chemicals all recorded gains in the early months of 1966.

The outlook for consumer goods remains strong despite the sharp decline in Canadian automobile sales during the second quarter. Although the 1966 model-year sales are still well ahead of 1965, sales for the remaining months of the model year are expected to be less than last year and a new surge in sales is not expected until the 1967 models are introduced.

First quarter retail sales, excluding motor vehicles, were 11% above the same quarter last year. Canadian Government statistics list general gains throughout all the provinces by all kinds of businesses except fuels.

The rising level of Canadian personal income will strengthen the growing demand for numerous U.S.-made consumer items, including: plastic wares, books and periodicals, television receivers, sound recorders, and fresh fruits and vegetables.

Latin America

Area's trade prospects are the most promising in a decade

By CLAUDE COURAND
Director, American Republics Div., BIC

Latin American trade figures reflect generally expanding economic growth stimulated by the Alliance for Progress program, and the trade outlook is more favorable than in any year since 1957. U.S. exports to the area should exceed $4.6 billion.

U.S. exports to the Latin America area in 1965 exceeded expectations and reached $4.2 billion accounting for 16% of total U.S. exports.

The downward trend in U.S. sales to Latin America recorded annually since 1957 was reversed in 1964, and the upswing continued through 1965. Available indicators at mid-year suggested a 9% rise in the value of U.S. exports to the region in 1966, as Latin American imports from all areas seem headed for the highest figure in recent years.

The improved prospects for U.S. trade with Latin America in 1966 stem from:

- Economic growth in most countries of the area is continuing at an accelerated pace;
- Economic development in both the industrial and agricultural sectors is being stimulated by increasing investment, public and private, national and international;
- Greater use of available external assistance, including credits and assistance under the Alliance for Progress program;
- More favorable business climate and stronger financial resources in most of the important trading countries; and
- Improved balance-of-payments situations in a number of countries, accompanied by reductions in import restrictions.

Except in Argentina, where political uncertainties continue to cloud the issue, U.S. traders can anticipate increased returns from aggressive export promotion in every significant trading country.

Best customer

Our best customer in Latin America, Mexico, continues its high level of economic activity. Mexican exports in 1966 should exceed the record $1.1 billion achieved in 1965. Increased government spending, continued inflow of foreign private capital associated with local private investment, and confidence at home and abroad in the Administration's management are important factors.

The healthy Venezuelan economy, supported by the highest level of reserves in the area, continues to demand more imports. The high level of $624 million U.S. exports in 1965 should be topped in 1966.

Brazil, traditionally an attractive market for U.S. goods, should once again approach characteristic levels. With figures for the first four months of 1966 running $100 million above the comparable period in 1965, U.S. exports should approach $500 million.

Peru continues its economic expansion, and overall imports are expected to reach a record level of over $800 million in 1966. On the basis of U.S. export figures for the first four months, favorable prices for Peru's minerals and fishmeal, AID and other external loans, and a high level of private investment, U.S. exports to Peru should exceed $800 million in 1966.

Chile's resurging economy, bolstered by unprecedented copper prices and heavy AID support for its economic development program, absorbed U.S. exports valued at $235 million in 1965. Under the continuing favorable outlook and the strong support the administration is receiving, a level close to $300 million may be expected this year.

Colombia's economy appears to be hitting its stride. Depressed economic conditions due to unstable political developments caused imports to be severely restricted in 1965. The election of Carlos Lleras Restrepo as President, highly respected as an administrator and economist, has caused the economy to rebound. U.S. exports should hit $250 million in 1966.

Argentina's military takeover is likely to disrupt the economy for some time. With a "wait and see" attitude by investors, local and foreign industrial expansion will be slowed.

Economic developments in Central America, stimulated by the policies generated under the Common Market, are characterized by continued expansion of agricultural and industrial production. While the largest increase in trade is due to tariff reductions within the market, resulting economic growth has expanded imports, with the United States getting the major share. The total should approximate $360 million in 1966.

Panama's economy is expanding, largely due to greater political stability and increased AID assistance.

Trade between the Latin American Free Trade Association countries increased substantially in 1965. In some cases this was due to less restrictive import policies between member countries, and impinged on U.S. trade.

While the level of U.S. trade should not be seriously affected, its pattern is already showing the influence of both LAFTA and CACM, and this trend will increase.

Paraguay continues to move forward and U.S. exports should maintain existing levels.

AID program helps

The U.S. AID program to Bolivia continues to underpin that country's economy, and U.S. exports should increase slightly above 1965.

Conditions in Haiti show little improvement over 1965 and the same level of U.S. exports can be anticipated.

Uruguay is still struggling to arrest the disastrous inflationary trend that reached crisis proportions in 1965. There will be a further decrease from the low level of 1965 U.S. exports.

Jamacia's economy continues to expand, but a considerable trade deficit accompanies the expansion. The continued need for capital goods and raw materials to promote industrialization and development is likely to cause further restrictions on consumer imports.

The United States topped the United Kingdom as principal supplier to Trinidad-Tobago's expanding economy in 1965, with exports reaching $81 million.

Ecuador continues to suffer from the impact of unstable political developments, and little change in import restrictions is anticipated. U.S. exports will remain at the 1965 level.

Caution is the keynote in the Dominican Republic as both Dominican and other businessmen await the plans, policies, and programs of the new government which took office on July 1.

The Caribbean countries and the Guianas, although offering small markets individually, are profiting by the tourist boom and development of their natural resources, particularly minerals. The Trade Mission that visited Surinam, Netherlands Antilles, and Guyana report varied opportunities. U.S. exports should top $350 million.

Argentina

New regime's course is unclear, but the old economic problems remain

By JAMES MICHAEL von STROEBEL
American Republics Division, BIC

Argentina's Imports, 1965

Total imports	$1,198 million
From U.S.	$ 273 million
U.S. share	23%

Argentina's Exports, 1965

Total exports	$1,493 million
To U.S.	$ 93 million
U.S. share	6%

Argentina's chief imports from the U.S.:
Machinery, motor vehicles and parts, chemicals, iron and steel, synthetic rubber.

Argentina's chief exports to the U.S.:
Wool, canned meat, casein, hides and skins, sugar, fuel oil, horses, quebracho.

Although the outlook for Argentina will be conditioned considerably by the policies established by the interim government recently installed by military coup d'etat, the fact that trade prospects still will depend to a large degree on economic factors allows some basis for forecast.

Argentine global imports as well as imports from the United States declined by 23% during the first four months of 1966, but they were expected to pick up somewhat during the last half of the year. Even if monthly imports should recover to the 1965 level, however, the outlook for 1966 is for a somewhat lower total figure.

The decrease in 1966 imports, especially the proportionately greater decrease in raw materials, reflects not only the industrial downturn which set in late in 1965, but even more a reduction in inventories reflecting in part a lack of funds available for imports.

Argentina achieved an impressive increase of about 7.5% in GNP during 1965, but reduced harvests caused by adverse weather, general illiquidity, and the reduced tempo of business may make it difficult for the country to achieve the forecasted 5% increase for 1966.

These factors have reduced import demand and could portend a continued reduction, but since some degree of economic growth must be maintained, an increase in imports of essential raw materials and equipment will probably have to be facilitated.

As was the Illia Administration, the new Government will be faced with the unenviable dilemma of aggravating either inflationary or recessionary trends in its efforts to achieve economic progress.

There appears to have been some recent improvement in several industrial sectors, which has aroused hopes of a trend to economic recovery. The combination of heavier exports of agricultural products, especially wheat from last year's bumper crop, and greatly reduced imports has resulted in a very favorable trade balance for the first part of 1966. This not only could offset the expected reduction in exports during the remainder of 1966, but also could allow some increase in essential imports.

Living costs continued to rise, but at a reduced rate. With the official index recording an increase of only 3.2% during the first five months compared with 6.7% for the same period of 1965, the increase for the year was expected to be lower than the 38% of last year, but was expected to exceed the former government's 12% target.

Nonetheless, the cumulative effect of the past year required an increase in the minimum wage and a series of difficult labor negotiations which resulted in many effective increases of 30% or more.

For the seventh time since the establishment of the exchange control system, the peso was devalued on May 29. The rate for dollar offerings was changed from 188, held since December 1965, to 202.

Although the change in the peso rate is expected to stimulate exports somewhat, much of the Argentine business community felt that the devaluation was too small.

U.S. sales drop

During the first four months of 1966, U.S. exports to Argentina were 23% below the same period of 1965. Argentine global imports fell about 13% below 1965 levels from January through May, from $475 million to $413 million. The decrease in imports of raw materials for industry was most noticeable, especially imports of chemicals, pharmaceuticals, iron and manufacturers, textiles and manufactures, machinery, and vehicles and parts.

Imports of fuels and lubricants, on the other hand, increased, as did imports of nonferrous metals and manufactures.

Argentine exports for the same period increased from $594 million to $726 million compared with 1965, with significant increases in meat, hides, wool, cereals, vegetable oils, and fresh fruit.

The United States continued to hold its place as Argentina's largest supplier during 1965, with about 23% of the total market, followed by Brazil, Germany, Italy, the United Kingdom, and France.

Italy held its position as the largest market for Argentine exports, followed by Brazil, the Netherlands, U.K., U.S., and USSR.

In May the Joint Argentine-United States Trade and Economic Commmittee held its initial meeting in Washington, D.C. The meeting helped to clarify economic problems between the two countries, and this Committee is expected to play an important role in resolving problems affecting commercial and economic relations, and in promoting trade and investment.

The prior deposit applicable to many imports was reduced from 50% to 40% at the same time that the peso was devalued. This could aid importers of some raw materials and other industry requirements, although the benefits of this reduction are largely offset by the devaluation.

Some relaxation to bring the very stringent financing terms for imports of capital goods more in line with generally accepted commercial terms reportedly has been under consideration. However, that capital goods sales are expected to continue at a reduced level during 1966.

The Illia Administration had placed special emphasis on several regional projects, such as cooperative development of transport links with neighboring countries, the Salto Grande hydroelectric program with Uruguay, and broad regional cooperation in the development of the La Plata River Basin.

It is too early to know what program the new Administration will emphasize.

Brazil

Major increases in import purchasing generated by renewed domestic confidence

By NICHOLAS KEATING
American Republics Division, BIC

Brazil's Imports, 1965

Total imports	$1,098 million
From U.S.	$ 326 million
U.S. share	30%

Brazil's Exports, 1965

Total exports	$1,596 million
To U.S.	$ 499 million
U.S. share	31%

Brazil's chief imports from the U.S.:
Industrial machinery, chemicals, wheat, tractors, electrical power machinery, coal, aircraft, fertilizers.

Brazil's chief exports to the U.S.:
Coffee, manganese, sugar, iron, cocoa, castor oil.

Total U.S. exports to Brazil should increase considerably in 1966 over the 1965 total of $326 million.

Brazil's commitment to domestic economic stabilization, coupled with expanded foreign assistance and anticipated new private investments, has generated a resurgence of internal confidence reflected in major increases in import purchasing.

The U.S. share of total 1966 Brazilian imports is expected to exceed last year's share of 30% appreciably.

In 1965, the Government had notable success in curbing the spiraling inflation that had long gripped the economy. The increase in the cost-of-living index was reduced to 45.4% from 86.6% in 1964. In the first five months of 1966 the cost of living rose 21% as compared to 27.3% for the same period last year. While this increase was above Government expectations, it largely reflected customary price increases instituted during the first months of each year. Economists are now predicting that inflation will be restrained to around 30% for the entire year.

The industrial sector is enjoying a period of moderate to heavy expansion. Motor vehicle production in March was estimated to have increased 25% over the previous month, while the electrical appliance industry is producing well above 1965 levels. Construction activity is beginning to show improvement after a sharp decline in 1965. The availability of credit remains the major deterrent to increased industrial production. Retail sales are up, based partially on a reduction of profit margins from 10-15% in 1965 to 5-7% in recent months.

According to preliminary indications, U.S. exports are running so far this year at higher levels than during the opening months of last year. The most recent import statistics from Brazil, those for January 1966, give the U.S. a 42.49% share of the Brazilian market, with a dollar value of $41.4 million.

U.S. figures for the first four months of 1966 show that our exports to Brazil are 120% ahead of the same period last year. This figure must be adjusted, however, to take into account the U.S. maritime strike which disrupted normal trade during the early months of 1965.

The restocking of depleted inventories, down to rock bottom during the 1965 business recession, and extensive retooling and equipment replacement are contributing factors which account for increased U.S. exports to Brazil. Market requirements offer opportunities for sales of many commodities, including wheat and coal, industrial raw materials such as chemicals and pharmaceuticals, metallurgical supplies, medical equipment, electronic and telecommunication manufactures, and machinery and transport equipment. Domestic import purchases of machinery and equipment will probably hit the $500 million mark in 1966.

Export trade to Brazil has been facilitated by recent official measures. In November 1965, the 50% prior deposit requirement and 10% exchange surtax were eliminated. The guarantee deposit on exchange contracts which formerly had been maintained at 100% was scaled down and finally removed completely last April.

Tariff changes

On the tariff front, about 400 commodities were transferred from the Special Import Category to the General Category in January 1966, with an additional 160 items transferred in March, facilitating their importation. Of major significance are certain chemicals, building materials, mechanical, electrical, and medical equipment, prepared paints, and DDT, which now appear in the General Category.

Brazil's export picture continues to look extremely favorable after a record year in 1965. Total exports in 1965 amounted to about $1.6 billion, the highest level since 1951, while imports were limited to $1.1 billion. For the first time since 1961 Brazil enjoyed a favorable balance of trade with the Latin American Free Trade Association (LAFTA). Exports registered $197 million as against $190 million for imports. The aggregate represents 14.4% of total foreign trade.

Preliminary first-quarter (January-March) 1966 figures indicate that Brazilian exports amounted to $406 million as opposed to $299 million during the corresponding period in 1965. Expanded sales of traditional agricultural, mineral and forest products account for this increase. Cotton remained at 1965 levels. Exports of manufactured products were slightly down from fourth-quarter 1965, partially indicative of increased domestic consumer demand.

Despite the significant gain in the first-quarter export volume, exports are not expected to rise over $1.6 billion in 1966. Any moderate increase, however, will continue Brazil's favorable trade balance.

U.S. exporters will receive an additional incentive in 1966 through sales generated under a $150 million program loan granted last February by the Agency for International Development. A special $30 million capital goods fund is included for purchases of U.S. industrial machinery on intermediate credit terms.

Various other U.S. resources will be made available to Brazil during 1966. A Public Law 480 loan of about $60 million is being negotiated and it is expected that the Food for Peace shipments will continue in 1966 at a level of about $40 million. AID announced a commitment of $100 million for projects in fields such as power, fertilizers, transportation, telecommunications, cooperatives, and education. The Export-Import Bank will continue to consider financing of new projects on a selected basis.

Central America

Trade outlook is good throughout the area; Panama joins three regional groups

By THOMAS K. BREWER
and BRUCE B. SEVER
American Republics Division, BIC

U.S. exports to Central America and Panama during 1965 totaled $463.3 million, 8.7% higher than during 1964.

Imports from the U.S. valued at $159.4 million for the first four months of 1966 showed an 18.6% increase over the similar period of 1965, when a dock strike slowed U.S. exports.

The outlook is for a continued gain in U.S. exports to this area during the remainder of 1966.

The CACM Industrial Encouragement Law may become operative this year and a Protocol to regulate assembly industries may be written.

Honduras won recognition as the least developed of the five countries and may be given preferential treatment by its neighbors. Both public and private investment is expanding and the market for machinery, construction equipment, vehicles, farm equipment, and raw materials is good.

The Government of Panama continues to express interest in regional cooperation with the CACM. In June it signed three protocols associating itself with three Central American bodies—the Council of Labor and Social Welfare, the Central American Council of Public Health and the Central American Council of Tourism.

Costa Rica

Total Costa Rican imports increased sharply in 1965 to $178.2 million, from $138.6 million during 1964. Imports of U.S. products climbed to $71 million from $64.1 million in 1964, but the U.S. share of the market dropped from 46% to 40%.

The sharp increase in total imports will probably not be repeated in 1966, but some increase is expected to result from expanded incomes, an increasing number of industrial projects under consideration, and an increase of 10% in the ceiling on commercial bank loans in 1966.

Due to a rapid rise in imports but a slight decline in exports in 1965, Costa Rica has a potentially serious balance of payments problem to add to its chronic budget deficit.

Nevertheless, the strong prosperity which developed throughout 1965, as confidence and coffee production recovered after the volcano stopped erupting, is continuing. In 1965, the rate of economic growth was 7.5%.

El Salvador

1965 imports into El Salvador were up a modest 3% to $197 million, of which the United States provided $63 million. The U.S. market share was only 32%, compared to 35% in 1964. However, the U.S. share apparently returned to its former level in Jan.-Feb., 1966.

The trade outlook is for a further modest expansion as the Central Bank continues to control commercial credit while expanding credit for construction, industry, and transport. Investment in light and service industries is growing and several public investment projects are underway.

The 6.6% increase in gross domestic product in 1965 (although down from the 12% increase of 1964) and lively activity in both the private and public sectors forecast a continuation of economic growth in 1966.

Guatemala

Imports into Guatemala in 1965 rose about 22% to $220 million, and imports for the first six months of 1965 from the United States were $45.2 million, or about 42% of the total. The U.S. market share was apparently down somewhat from the 1964 level.

The trade level will rise during the next six months unless the incoming Government acts upon the unfavorable balance of payments situation and places further restrictions on credit.

No new capital development projects are scheduled for the next six months, the trade deficit may increase, and several decree-laws placed additional controls on investors and shippers. Nevertheless, there was optimism that the new Government would clear the atmosphere after its inauguration in July.

Honduras

Honduran imports were up 20% to $122.5 million in 1965, and imports for the first nine months from the United States were up 12% to $40.9 million. The U.S. market share will probably be down somewhat from the 48.8% of 1964.

All economic indicators in early 1966 were above comparable 1965 levels, and the outlook is for increased trade opportunities in the remainder of the year.

Private industrial expansion on the North Coast set the economic pace for the country. This expansion was a major contributor to the gross national product increase of 10% in 1965. New public investment programs are expected to be initiated during the remainder of this year.

Nicaragua

A 20% increase occurred in 1965 in both total Nicaraguan imports and those from the United States, reaching record levels of $165 million and about $77 million respectively.

The outlook is for reduced expansion in both total imports and imports from the U.S. during 1966. Construction and industrialization are expanding rapidly, but 1966 cotton and coffee exports will not reach the record levels achieved in 1965 because of drought damage. The 1966 credit policy of the Central Bank limits commercial credit this year to the level extended in 1965. Credit expanded 26% in 1965 and contributed to the rapid import growth.

Foreign investors are increasingly coming to Nicaragua in search of opportunities. Two large hotels and two industrial plants, one to produce caustic soda and one to produce insecticides, are among those nearing the construction stage.

Panama

Panamanian imports totaled $185.5 million in 1965, compared with $165.4 million in 1964. An estimated $75 million came from the United States, if the U.S. share of the market of 40.6% for the first nine months of 1965 was maintained through the final quarter.

The outlook is for a further increase in Panamanian imports in 1966. U.S. Census Bureau statistics show an 11% increase in U.S. shipments to Panama during the first four months of 1966.

The gross national product was $615 million in 1965, and it is expected to increase at 7% to 7½% during the next few years. Customs protection for some new industries will mean losses of certain import markets for consumer goods, but will also mean new markets for industrial equipment and raw materials.

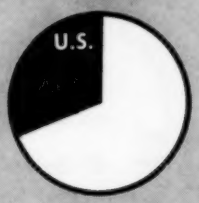
Chile

Strong world market demand for copper to cause upsurge in foreign trade level

By HERBERT A. LINDOW
American Republics Division, BIC

Chile's Imports, 1965

Total imports	$604 million
From U.S.	$237 million
U.S. share	39%



Chile's Exports, 1965

Total exports	$688 million
To U.S.	$213 million
U.S. share	31%

Chile's chief imports from the U.S.:
Industrial machinery, chemicals, iron and steel mill products, transportation equipment, wheat.

Chile's chief exports to the U.S.:
Copper, nitrate, iron ore, fresh fruits, fishmeal and iodine.

A strong upsurge in the level of foreign trade should take place in Chile during the remainder of 1966.

The value of Chilean imports should rise by about 23%, reaching a level of $743 million; exports should increase by a similar percentage, reaching a level of $858 million. Both trade and investment are expected to accelerate under generally improved economic conditions.

One chief reason for expansion of trade is Chile's rapidly improving balance of payments position, mainly due to strong demand for copper in world markets and substantial foreign economic assistance. The greater availability of foreign exchange resources and continued political stability are helping to generate a high import demand for goods needed in connection with new private and public investments.

Higher copper prices are chief factors affecting Chile's rapidly improving economic situation. In April, the Government raised the export price of copper from 42 cents to 62 cents a pound. The price increase is expected to provide at least an additional $50 million in foreign exchange and spur domestic production of copper during 1966.

Under "mixed partnership" agreements now being negotiated between the Chilean Government and the three U.S.-owned copper companies, production of copper is projected to increase from 582,576 metric tons in 1965 to about 1.2 million tons by 1970. New investments by these companies is to amount to $420 million. Assuming that the new "mixed companies" begin development and expansion of their properties later this year, there will be a substantial demand for imports of mining machinery and equipment.

Substantial help

Foreign financial assistance to Chile has been substantial in recent months. Chile at present is using proceeds of an $80 million program loan from the Agency for International Development to finance goods and related services from the U.S. An additional $10 million has been made available to Chile in connection with the long term financing of capital goods from the U.S. AID recently made a loan of $3.6 million to Chile to finance importation of fertilizers. Further financial assistance to Chile is being provided under supplier credits and loans from European countries as well as from the Inter-American Development Bank.

In 1965 Chile's Gross National Product increased by an estimated 5%. In view of the greatly accelerated pace of economic activity, the rate of growth of GNP should increase in 1966.

The U.S. share of the Chilean market rose to 39.2% in 1965 from 36.6% in 1964. Imports from the U.S. amounted to $237.1 million in 1965. Preliminary customs data for 1965 indicate that total imports declined slightly from 1964, falling to $603.6 million, while total exports increased 10.0% over 1964 to $687.9 million. In 1965, Chile further strengthened its balance of trade surplus. The 1965 trade surplus of $84.3 million compares favorably with the 1964 surplus of $16.5 million and most favorably with the 1963 deficit of $95.6 million. Chile registered a balance of payments surplus of $79 million in 1965.

According to the Chilean Central Bank, imports should soar to $743 million in 1966. The Bank projects sharp increases in the following imports:

Fuels, from $27 million in 1965 to $48 million in 1966, an increase of 78%; capital goods from $240 million to $310 million, an increase of 29%; and raw materials from $228.3 million to $241.6 million, up 5.5% (including an increase in imports of live animals from $11.5 million in 1965 to $20 million in 1966 and an increase in imports of wheat from $19.5 million to $26.0 million in 1966, up 35% over 1965).

The once serious problem of commercial arrearages has been greatly reduced. The mandatory waiting period before the Central Bank permits payments for imports has been reduced progressively from 120 days to 90 days. The 90-day period is counted from the date of the bill of lading. The Central Bank is presently selling foreign exchange to importers in the 60 days futures market to cover payment for approved imports.

Numerous investment projects are planned.

Chile's Government development agencies, CORFO and ENAP, have formed a new company to join with private foreign investors in developing the petrochemical industry. Investments between 1965 and 1970 are to be an estimated $120 million of which 50% is to be provided by the Government and the remainder from domestic or foreign capital. These investments are to be used to finance the construction of four large petrochemical installations to produce ethylene, chlorite of soda, acetaldehyde and derivants, ammonia, fertilizers, and aromatics.

There are several projects for establishing new automotive industries. Industria Kaiser Argentina S.A. IKA is planning to produce parts that can be economically produced in Chile. Parts are to be exchanged with Argentina under the integration policy of the Latin American Free Trade Assn. which aims at making member countries less dependent on imports. Ford and Fiat have plans to assemble trucks and tractors, respectively. At present, however, Chile continues to be heavily dependent on imports of all parts necessitating advanced industrial skills.

Chile's steel producer, Compania de Acero del Pacifico, has announced plans calling for an increase in ingot production to one million tons annually by 1971.

Colombia

Surging imports reflect businessmen's confidence that upswing will continue

By HERBERT A. LINDOW
American Republics Division, BIC

Colombia's Imports, 1965

Total imports	$453 million
From U.S.	$217 million
U.S. share	48%

Colombia's Exports, 1965

Total exports	$539 million
To U.S.	$252 million
U.S. share	47%

Colombia's chief imports from the U.S.:
Industrial machinery, road motor vehicles and parts, chemicals, wheat.

Colombia's chief exports to the U.S.:
Coffee, petroleum, (crude) sugar, cotton textiles, tobacco and fuel oil.

Colombia's imports may amount to $630 million in 1966, an increase of 39% over the depressed level of 1965, and reach levels surpassed only during the coffee boom years of the early fifties. Exports should also increase, but more moderately.

The overall expansion of Colombia's trade reflects the improved economic climate and should provide an added incentive for U.S. suppliers to increase sales to this market.

The principal reasons for the expanded trade levels are the greater availability of foreign exchange made possible by substantial foreign economic assistance, the improvement in the investment climate, and the favorable outlook for Colombia's so-called minor exports (other than coffee and petroleum).

The Colombian economy appears to have rebounded well from the economic and political difficulties that beset it in 1965. A shortage of imports, a slowing of domestic and private foreign investment, a lagging agricultural sector, and political uncertainties held the growth rate of the gross domestic product in 1965 to about 3.4%, barely exceeding the 3.2% growth of the population. In 1966, however, the rate of growth in gross domestic product should rise to 5 or 5½%.

Business confidence has been greatly enhanced and the political climate has improved substantially since the uncertainties of 1965. On May 1, Dr. Carlos Lleras Restrepo was elected under peaceful conditions. The new president-elect, an economist, is expected to announce broad new programs to accelerate industrial and agricultural production, with particular emphasis on increasing employment.

Substantial foreign economic assistance, reflecting international confidence in Colombia, is permitting domestic industry to import many items which were restricted or prohibited during the exchange difficulties of 1965.

Furthermore, investors, noting both the improved trade and political climate, are going ahead with plans to develop the petroleum, petrochemical, and cattle industries.

The lagging agricultural sector should receive new stimulus from the channeling of more credit to this area.

A further indication of improving economic conditions is that the free peso has strengthened in the foreign exchange markets. Toward the end of June the free peso was quoted at about 16 to the dollar, compared with about 18 per dollar earlier in the year.

Colombia's import liberalization program is of considerable interest to U.S. suppliers.

At mid-1966, about 60% of reimbursable imports, by value, were on the free list; that is, these imports did not require a prior import license.

Import registrations during the first quarter were unusually high at $173 million. An average of $135 million is considered normal. The surge in imports has been due to a replenishing of stocks by importers after the severe import restrictions of 1965 and to some speculation in import registrations.

Although there have been some fears that the import liberalization program could not continue without reimposing import controls or a devaluation of the intermediate exchange rate, the Government has been determined to continue its policies of relaxing import controls. The Government's trade program appears to be succeeding, in view of the lessening of import demand to more normal levels during recent weeks.

Colombia's imports of goods should reach a value of about $630 million in 1966, up 39% over the $453 million level of 1965. In 1964 imports amounted to $586 million. The U.S. share of the market was 47% in 1965, when imports of U.S. goods were valued at $217 million.

Although there is little statistical information available on 1966 trade, it appears that the U.S. share reached 51.4% in January. The U.S. share of the market during the last quarter of 1965 had been 49.5%.

On the export side, Colombia's exports amounted to $539 million in 1965, down slightly from $548 million in 1964. About 48% of Colombia's exports went to the U.S. and were mainly in the form of coffee and petroleum.

Total exports in 1966 should be somewhat higher, in view of the significant investments being made to expand the cattle industry, with an eye on the international markets for beef.

Improved economic conditions have naturally created improved trade opportunities for the enterprising exporter to Colombia. Product categories which offer favorable possibilities but which require further promotion include: pesticides, pulp and specialized paper products, newsprint paper, machine tools, metal working machinery, textile machinery, fork lift trucks, electric power machinery, telecommunications equipment, line telephone equipment and motor vehicle parts (especially accessories).

The investment climate has shown a marked tendency to improve during 1966. To some extent this is due to the resolution of the petroleum companies' tax problems with the Colombian Government. There should be increased demand for imports of oil drilling machinery and other supplies needed by the petroleum industry.

Steel making capacity is to be enlarged if financing is obtained from abroad, while additional financing will be required to implement Colombia's plans to establish a national microwave system.

Mexico

New Administration's programs should begin rolling after year of stock-taking

By PAUL S. FLORES
American Republics Division, BIC

Mexican Imports, 1965

Total imports	$1,561 million
From U.S.	$1,026 million
U.S. share	66%

Mexican Exports, 1965

Total exports	$1,111 million
To U.S.	$ 657 million
U.S. share	59%

Mexico's chief imports from the U.S.:
Machinery and parts, motor vehicles and parts, iron and steel products, scrap, natural gas, chemicals.

Mexico's chief exports to the U.S.:
Petroleum and products, coffee, sugar, tomatoes, shrimp, sulfur, lead, fluorspar, zinc, cattle.

Confidence in the Mexican economy both at home and abroad point to a continued expansion in Mexico's foreign trade. Preliminary Mexican data indicate that the country's imports in the first four months of 1966 rose by 5.8% over the same period of 1965.

Mexico's imports are expected to keep expanding, primed by an expected increase of government spending, the continuance of a steady rate of private investment, and widespread confidence in the present Administration's ability to control prices and keep the country's fiscal affairs sound.

The gross national product 1965 growth rate of 5.1% in real terms represented a considerable drop from the 1964 rate of 10%. Several factors contributed to the decline.

In the first place, 1965 was the first year in office of the present Administration and, traditionally, the first year of a new Administration produces an artificial slowdown in economic activity while the government consolidates its position and prepares its economic programs.

This, in turn, usually causes a slowdown in private investment because businessmen tend to adopt a cautious "wait and see" attitude. Significant new investments are made only after they feel reasonably certain that the new policy will provide a favorable investment climate.

However, the present Administration managed to minimize the first-year slow down and the private sector demonstrated its confidence by maintaining an unabated flow of investment.

In general, the 5.1% growth registered in 1965 can be considered as satisfactory under the above circumstances, and was above the first-year growth rate achieved by the three preceding administrations. The GNP for 1965, in current prices, increased by 7.9% to a total of $19.4 billion.

Mexico's exports increased by 8.6% in 1965 to a total of $1.1 billion. Exports to the U.S. amounted to $657 million, or 59% of the total. Exports in the first four months were valued at $424 million, an increase of 19.4% over the same period of 1965.

Tourist income, which is a highly important earner of foreign exchange and helps to pay for part of Mexico's perennial trade deficit, continued to increase strongly. Net income from tourist and border transactions in 1965 totaled $368.5 million, up 12.6% from 1964. Reports indicate that tourists continued to pour into Mexico during the first half of 1966, to the extent of causing hotel room shortages, especially in Acapulco.

The economy continued to expand at a satisfactory rate in the first half of 1966. The annual growth rate was estimated at 6% and indications are that the rate will be maintained or surpassed for the entire year.

Despite some problems, notably in the rural sector, a general feeling of optimism prevailed in business and financial circles. Confidence has been enhanced by the Administration's determination to build on a firm financial base and to prevent price spirals which could erode Mexico's hard-earned economic gains.

Prices, based on the Mexico City wholesale index, rose only 1.9% in 1965, compared to 4.2% in 1964. Prices at the end of the first quarter were only 0.5% higher than a year earlier.

Mexico's total 1965 imports amounted to $1,561 million, 4.5% higher than 1964. This moderate increase was considerably below the 20% increase registered in the boom year of 1964 when the outgoing Administration spent heavily to complete as many of its unfinished projects as possible during its last year in office; but it was in line with the present Administration's policy of keeping imports within its capacity to pay without resorting to excessive borrowing.

The U.S. share of the market in 1965 was 66% ($1,026 million), compared to 68% in 1964 ($1,023 million). This decline reflects Mexico's efforts to diversify its sources of supply and the growing competition from other suppliers, notably Canada, Japan and some European and LAFTA countries.

Some European countries and Japan are not only stepping up their on-the-spot selling efforts in Mexico but are also offering loan packages which include the financing of local currency costs. Such loan packages appear quite attractive but indications are that the supplier actually finances the local costs by simply reloaning the cash down payment to the Mexican customer on a short term basis.

U.S. trade data report that exports to Mexico in 1965 totaled $1,105 million, an increase of just under 3%. U. S. data for first four months of 1966 show exports of $377 million to Mexico, which represents a monthly average increase of 2% over the same period of 1965.

U.S. exports to Mexico are expected to expand somewhat during the remainder of the year and rise at least 4% for the entire year. This prediction is based on the fact that the government has announced most of its new economic programs which call for expenditures to improve or expand port works, electrification and telecommunications systems, railroads, highways, dams, irrigation systems and similar projects.

The initiation of actual work on these projects will not only generate public sector imports, which traditionally account for nearly 20% of the total, but will also spur private imports as well.

The government took several steps early this year to ease the importation of capital goods and raw materials when destined for the production of goods for export. These included speeding up the processing of import applications, the granting of open-end import permits for up to a year, and giving private business a larger voice in the import committees.

Peru

Another record trade year shaping up as demand for capital goods sets pace

By RICHARD H. MULLINS
American Republics Division, BIC

Peru's Imports, 1965

Total imports	$730 million
From U.S.	$290 million
U.S. share	40%

Peru's Exports, 1965

Total exports	$668 million
To U.S.	$226 million
U.S. share	34%

Peru's chief imports from the U.S.:
Motor vehicles and equipment, machinery, chemicals and pharmaceuticals, manufactured articles of metal and otherwise, cereals, fats and oils.

Peru's chief exports to the U.S.:
Copper, fishmeal, coffee, sugar, lead, zinc.

Peru's imports during 1966 are expected to increase by at least 11%, down from the 25% rate of increase of 1965, but still a vigorous jump that should push them to a record $810 million for the year.

This estimate is based on a strong import spurt in the first quarter of 1966, continued accelerated growth of the economy, a strong demand for capital goods to supply the needs of private investors, and an improvement in this year's export earnings, mainly from copper and fishmeal.

A second consecutive trade deficit will probably result from the more rapid growth of imports than exports, although the strong inflow of both private and public foreign capital should limit the magnitude of any overall payments imbalance. Net reserves this year have been slightly below the year-end level of $153 million.

The gross national product reached $4.26 billion at current prices in 1965, up 5% in real terms. The main impetus for expansion came from an upsurge in domestic investment, while the rate of export growth, which had supplied much of the spark for expansion during the early 1960's, slowed.

Continued strong investment, combined with an improved outlook in the copper and fishmeal sector should stimulate growth of about 5-6% in the gross national product again this year.

The Peruvian economy as a whole had a thriving first quarter. The business community was generally optimistic as the economy continued to expand despite some concern about inflation, rising production costs, and world commodity prices.

A substantial building boom continues, especially in the Lima-Callao area, with nationwide sales of domestic cement up 4½% over the first quarter of 1965. Other indications of growing business activity include a 12½% rise in nationwide motor gasoline sales and an 8½% increase in Lima's electricity consumption.

The rise in the cost of living, which increased 15% in 1965, appears to have diminished somewhat during the first quarter of 1966, but there is still concern about rising production costs, wage pressures, and profit squeezes.

The outlook for Peru's exports in 1966 has improved over last year. Strong mineral prices together with large stocks of fishmeal which are expected to move at firm prices should push exports to about $725 million, up from last year's $668 million.

The United States is expected to maintain its share of about 40% of Peru's import market. Thus, U.S. exports to Peru should increase to about $315 million this year, up from $281 million in 1965 and $221 million in 1964. Major strength is seen in imports of industrial capital goods with the largest increases in transport equipment and agricultural machinery.

Credit is tight and strong competition from other exporting nations, chiefly in the form of more favorable prices and credit arrangements, must be taken into consideration in this market. American goods, especially capital goods, command high acceptance but U.S. exporters must strive to keep prices reasonable and provide favorable credit arrangements. The collection picture is favorable.

No trade barriers

Sales to the Peruvian market are practically free of trade restrictions. There are no quantitative controls and exchange can be obtained readily at the free rate of 26.82 soles per dollar.

Many consumer goods are subject to high duties, but certain essential foods, and machinery and equipment usable in mining, agriculture, and construction and in plants covered by special promotional laws are exempt from payment of most duties.

Some raw materials and semi-processed goods not available in Peru benefit from the same exemptions.

The outlook for sales of U.S. manufactured goods is especially bright for agricultural machinery and equipment, road-building and construction equipment, industrial machinery, iron and steel manufactures, industrial chemicals, chemical fertilizers, pharmaceuticals, lubricating oils and greases, housing fixtures and materials, automotive repair equipment, and selected parts and accessories for automobiles.

There are also markets for certain agricultural products including vegetable oil, dairy products, wheat, rice, white hog grease, and fresh apples and pears.

In the investment field the outlook remains favorable, even though the long standing dispute between the International Petroleum Company and the Peruvian Government over new contract terms is still unsettled.

Discussions are underway between the United States and Peru in an effort to reach agreement on terms of an expanded Investment Guaranty Agreement. The present agreement provides protection only against losses due to inconvertibility of the currency, but the discussions will consider including protection against losses caused by expropriation, war or insurrection, and partial coverage of certain business risks.

Capital inflow from U.S. assistance, international lending agencies, and private investors will continue to help finance a substantial volume of imports required for development projects. Major emphasis continues to be placed on road construction, housing construction, improvements in city water supply systems, agricultural development, education, and civic integration programs.

Venezuela

LAFTA entry conditions, possible taxes unresolved but economy continues to grow

By LOUIS J. MURPHY
American Republics Division, BIC

U.S. exports to Venezuela

January-December 1965 $ 624 million

U.S. imports from Venezuela

January-December 1965 $1,021 million

Venezuela's chief imports from the U.S.:
Machinery, motor vehicles and parts, chemicals, iron and steel, wheat, textiles and textile products, paper, paperboard and products.

Venezuela's chief exports to the U.S.:
Petroleum and products, iron ore, coffee, shrimp, diamonds.

Venezuela's total imports are expected to continue rising in 1966, though not as rapidly as the 7% growth realized in 1965.

Current estimates project a likely increase in 1966 imports of approximately 4-5%, reaching a level of approximately $1.4 billion in 1966. Despite growing international competition for the Venezuelan market, U.S. exports are expected to keep pace with this general growth, thus increasing 4-5% over the 1965 total of $624 million.

The accelerated expansion of Venezuelan economic activity and a continued growth in the nation's capacity to import furnish the major impetus to the increase in imports. In addition, foreign exchange reserves, which stood at approximately $857 million as of June 1, continue to provide a comfortable margin for financing the further growth of imports.

Preliminary Venezuelan Government data indicate that 1965 gross domestic product (GDP) expanded 7%, the same rate as 1964 growth. Projections for the current year estimate the likely 1966 increase as approximately 6% over the 1965 GDP level of $7.2 billion. The manufacturing, construction, and utilities sectors rose an average of 12.2%, or nearly double the economy-wide rate. Petroleum sector expansion was 2.3%, with an average production of 3.5 million barrels per day. Latest estimates show 1965 per capita GDP growth at 3.9%.

Business confidence has remained generally high, buoyed by the rise in economic activity and industrial expansion. However, certain issues of general importance still remain unresolved; among them, questions concerning back taxes levied on the petroleum companies, the extent of private participation permitted in basic industries, conditions of Venezuelan entry into LAFTA, and the possibility of new taxes.

Venezuela formally announced its intention to join the Latin American Free Trade Association (LAFTA) at a November 1965 meeting of that regional economic entity in Montevideo.

The business sector expressed considerable misgivings concerning the move, citing reasons ranging from the detrimental effects of opening the Venezuelan market to the lower cost goods of the other LAFTA members to the purported small initial export potential offered by accession. Presently, a special committee is undertaking a comprehensive study of the likely affect entrance into LAFTA would have on the economy and the Government has assured the private sector that suitable safeguards will be sought.

Partly as a consequence of the realization that LAFTA entry will entail challenges as well as opportunities, the Government has increased its price and quality control criteria affecting domestic protected industries. Plans are currently being drafted to strengthen the official standards bureau and provide wider application of product quality norms.

Curbs on price rises

In addition, the Ministry of Development requires each new industry granted tariff or other protection to sign an agreement not to raise prices without official approval. In industries where general product cost and price structure is already a matter of concern, consultations have been held between businessmen and Ministry of Development officials.

The U.S. share of the Venezuelan import market has narrowly fluctuated for the last several years around the approximately 55% level of 1964. To retain or increase this share, U.S. exporters can take advantage of the continuing trend of import demand toward those products in which the U.S. is internationally most competitive; i.e., sophisticated technical and industrial equipment and semi-finished materials. U.S. export statistics for 1965 show that the major categories of exports to Venezuela, in descending order of value, were machinery and transport equipment, manufactured products, and chemicals and related products.

The official 1965-1968 National Development Plan projects an average annual increase of 7.2% in gross domestic product (GDP), with industry accounting for 19.8% share of total GDP in 1968 as compared with 17.3% in 1964. The Plan also estimates an 8.9% rise in manufactured products imports in 1966, the majority of which will be intended for use by industries whose development is now being given priority.

By 1968, it is estimated that approximately 20.4% of total consumption of manufactured products will be imported, as compared to 24.2% in 1964. These projections give an indication of the magnitude of the planned industrialization program and the consequent need for those commodities requisite for such a development drive.

Despite growing international competition for the lucrative and expanding Venezuelan market, U.S. suppliers benefit from the general acceptance of U.S. products, as well as geographic proximity and highly developed freight service.

With this and Venezuelan development priorities in mind, the following commodity categories appear to offer the best export opportunities during 1966: vegetable oils and fats; chemicals, especially raw materials for inorganic chemicals, and also basic organic chemicals; chemical products, especially artificial waxes, anti-corrosives, and soldering fluxes; power generating machinery, especially gas and hydraulic turbines, marine engines, parts for internal combustion engines, motor vehicle engines; agricultural machinery and implements, except simple tools and implements; office equipment; metalworking machinery; general industrial machinery, except air conditioning and refrigeration equipment, and scales and pumps; electrical generating and distribution equipment; scientific and control instruments and apparatus.

The Department of Commerce will present a trade exhibit in Caracas from Nov. 22 to Dec. 2, featuring metalworking machinery and equipment and automotive servicing and maintenance equipment. The exhibit is expected to draw potential purchasers for these two promising U.S. exports from Venezuela and many other Latin American countries.

Western Europe

Import demand keeps outstripping area's GNP growth rate

By GRACE W. FINNE
European Division, BIC

The importance of the West European countries as markets for U.S. exports may be gauged by the distribution of U.S. commercial exports in 1965: 33.1% were destined for Western Europe, compared to 37% for the Western Hemisphere, 21% for Asia, 4.7% for Africa and 3.3% for Oceania.

The European demand for imports 1960-65 grew faster than Gross National Product. This trend is expected to continue in 1966 and 1967, with import growth rates of individual countries ranging from about twice to three times that of GNP.

The aggregate GNP of the Western European countries in 1965 at current prices was about $500 billion, of which the European Economic Community accounted for nearly $300 billion and European Free Trade Assn., (EFTA), countries for about $100 billion.

An overall growth rate in GNP in the range of 4-4.5% is expected for 1966, an improvement over the 1965 rate of 3.6% but considerably below the 1964 rate of 5.6%. The rate of growth differs greatly, however, among the West European countries as well as among main economic sectors, with consequent diversities in the demand outlook for U.S. exports. Official forecasts for GNP growth rates range from a 2.5% rate in the United Kingdom to 7.5% for Greece, while the Common Market countries anticipate an average 4.5% growth rate in 1966 and foresee a 4.8% annual average growth rate until 1970.

Reasons for slowdown

The main factors leading to a deceleration of growth rates in most Western European countries are continuing shortages of labor and increasing tightness of capital markets.

EEC imports (c.i.f.) from the U.S. increased from $2.8 billion in 1958 when the Common Market was launched, to $5.4 billion in 1964 and $5.7 billion in 1965. In 1958, imports from the United States constituted 17.4% of imports from countries outside the Common Market, while in 1965 imports from the U.S. were 19.2% of the import value of non-member origin.

Article 23 of the Treaty of Rome calls for a three step alignment of national customs duties towards a Common External Tariff (CXT). On May 11, the EEC Council of Ministers set July 1, 1968 as the date for completion of the Common External Tariff.

In the industrial sector, the second 30% alignment was accelerated and took place on July 1, 1963. Of the total 2,400 industrial tariff positions, however, about 1,350 tariff positions were not aligned towards the full CXT. Until Dec. 31, 1965, these were aligned on basis of the CXT minus 20%, pending GATT tariff negotiations. After a temporary 1966 extension of the 20% reduction, the EEC Council of Ministers on June 14, 1966, decided to retain this 20% reduction until June 30, 1967, on some 500 tariff positions. This decision implies a one year status quo on the several tariff chapters which are subject to Kennedy Round tariff negotiations.

The remaining tariff positions in the series of industrial tariffs subject to the CXT—20% formula, should theoretically have been moved the full second step by July 1. These goods comprise categories which the EEC treat as total or partial "exemptions" in the Kennedy Round. The timing of this tariff movement, which for Germany and the Benelux countries implies tariff increases, is uncertain, because member states have the right prescribed in Article 26 of the Rome Treaty, to postpone tariff moves under certain conditions and subject to commission approval.

As of last Jan. 1, intra-EEC tariffs among the "Six" on industrial goods were reduced by 10% and a further 5% reduction took place on July 1, bringing the level of such tariffs down by 85% from the 1957 level. Complete elimination of tariffs between members states, that is, completion of the transition to a full customs union, is to take place by July 1, 1968, simultaneously with the completion of the Common External Tariff. Intra-trade between the "Six" tripled 1958-1965. From 1964 to 1965 EEC imports from other Common Market countries rose by 13% from $18 billion to $20.4 billion.

For 1966, imports from the U.S. to the EFTA countries are expected to grow at a moderate rate. The EFTA countries imported U.S. goods valued at $3.3 billion (c.i.f.) in 1965.

The EFTA countries have set Dec. 31 for eliminating their industrial tariffs on trade between EFTA countries. In 1966, intra-EFTA tariffs on industrial goods stand at 20% of their base levels. The May Ministerial Meeting in Bergen permitted the United Kingdom to negotiate for entry into the Common Market, and Denmark has indicated its interest in joining the EEC even ahead of Britain, if assured that Britain would join. Austrian negotiations for EEC entry have reached an advanced stage, and may be completed by Easter 1967.

The Kennedy Round of GATT negotiations suffered a slow down during the EEC crisis which started in July 1965, and was resolved by the Luxemburg Agreement reached by the EEC Council of Ministers last February. The Council decision on May 10-11 in regard to the financing of the common agricultural policy, cleared the way for EEC tariff offers in the Kennedy Round.

West Europe GNP's and projected growth

Country	1965 GNP $ billion	Expected 1966 real growth (%)
EEC		
Germany	112.0	3.4
France	93.0	4.9
Netherlands	18.7	5.5
Belgium	16.5	3.0
Luxembourg	0.6	3.0
Italy	56.7	4.5
Total EEC	297.5	
EFTA		
U. K.	86.2	2.5
Norway	7.8	4.5
Sweden	20.7	3.5
Denmark	10.8	3.0
Finland	8.2	3.5
Switzerland	13.9	4.5
Austria	9.1	4.0
Portugal	3.3	5.0
Total EFTA	160.0	
Turkey	8.3	6.5
Greece	4.1	7.5
Ireland	2.3	2.5
Iceland	0.4	4.5
Spain	19.0	6.0
Yugoslavia	8.7	6.5
Total W. Europe	500.3	
OECD Europe (all above except Finland and Yugoslavia)	483.4	

Austria

Determined effort required to increase American exports to this growing market

By DAVID C. HOLTON
European Division, BIC

Austria's Imports, 1965

Total imports	$2,100 million
From U.S.	$ 92 million
U.S. share	4%

Austria's Exports, 1965

Total exports	$1,600 million
To U.S.	$ 67 million
U.S. share	4%

Austria's chief imports from the U.S.:
Machinery; chemicals, plastics, and pharmaceuticals; tobacco; corn; non-ferrous ores; cotton.

Austria's chief exports to the U.S.:
Clothing, machinery, glassware; motorcycles, bicycles, toys and sporting equipment, synthetic fibers.

Vigorous promotion can increase the U.S. share of Austria's expanding import market.

The growing Austrian economy, rising consumer demand, and Government acceptance of imports as a means of stemming inflation combine to make it likely that total Austrian imports in 1966 will be higher than ever before.

Gross National Product reached $9.1 billion in 1965, a 3% increase (in constant prices) over 1964. The 1964 GNP had been 6% higher, in constant prices, than that of the previous year. Estimates for 1966 are for a GNP increase of approximately 4%.

Purchasing power continues to rise. At the end of 1965, purchasing power was 4.2% greater than one year earlier. In 1964, purchasing power had increased 6.1% over 1963.

A mild spring, encouraging early resumption of construction projects and raising hopes for a good year for agriculture, has given a needed boost to business confidence and raised hopes of overcoming a lengthy stagnation in the industrial sector. This optimism is restrained by continuing demands for higher wages, short labor supply, and decreasing availability of capital for industrial expansion. Concern that Government measures to achieve stability may have deflationary repercussions is offset by the hope that the Conservative Government will be able to adjust its economic policy measures more promptly and more precisely to the needs of the economy than the previous Conservative-Socialist coalition.

Price levels are inching upward as in the rest of western Europe. Recent levels in 1965 were 5% over the 1965 figure. Upward pressures on prices remain strong —an increase in railroad fares and rates is imminent, petroleum taxes were recently raised, and new wage increases are demanded by labor organizations and civil servants.

As domestic prices rise, foreign producers are enlarging their market share with competitively priced exports to Austria. The greatest growth in imports is registered in imports from its partners in the European Free Trade Assn. (EFTA); but the European Economic Community remains Austria's chief supplier, with 58% of the import market in the first quarter of 1966, compared with 16% held by EFTA.

Most categories of U.S. exports have registered growth on the Austrian market, but the total U.S. share of the market is subject to unusual variation according to Austrian requirements for U.S. corn, cotton, and coal. Excluding these three commodities, imports from the U.S. increased by nearly 16% in 1965, but a decline of nearly 60% in the value of imports of these three commodities caused a drop of 6% in the total value of imports from the U.S. compared with 1964.

Total imports from all sources in 1965 amounted to $2.1 billion. Of this $1.2 billion came from the European Economic Community, $309 million from from the U.S.

In 1964, total imports were valued at $1.9 billion, including $1.1 billion from the EEC, $268 million from EFTA, and $96 million from the U.S.

Imports from EFTA should increase further in 1966, since tariffs between the partner nations were reduced on Jan. 1, 1966, to 20% of the rates applied to imports from non-EFTA countries.

EEC application

Austria's application for association with the EEC is now under consideration. The prospect of association is causing Austrian businessmen to consider their needs for newer, more efficient production machinery to compete with other EEC manufacturers, both on the domestic market and in other nations of the Community.

This development coupled with Austria's tight labor situation makes plant modernization equipment a promising commodity for U.S. export sales. Chemicals, primarily raw materials for the plastics and pharmaceutical industries, also have the potential for growth well beyond their present level.

The growing importance of tourist trade in Austria makes increased sales of U.S. institutional catering equipment an attractive possibility. Bookkeeping equipment, bathroom fixtures, furnishings, cleaning equipment, and similar appurtenances for modern hotels would also appeal to the market.

The U.S. Embassy has noted considerable interest in U.S. hospital equipment, teaching aids, and advanced U.S. air conditioning and refrigeration equipment. Of special importance in the latter category are air conditioners with heat pumps, truck refrigerators, and commercial refrigeration and freezing plants.

Water and air pollution is causing growing concern in Austria.

America's advanced technology and equipment for dealing with these problems is of interest to industry and Government. U.S. textiles, both natural and man-made fiber, continue to be attractive to importers.

Auto testing and maintenance equipment suited to European cars might profitably be promoted, and food processing equipment and packaging machinery are needed to meet demands of the new self-service stores.

Sales of construction machinery may accelerate with a shift of construction activity from residential building to infrastructure projects.

To promote sales of modern automated U.S. industrial equipment, a Government-organized Industrial Productivity Trade Mission will visit Austria in April 1967.

Belgium

Expanding economy should be reflected in 10% import gain for BLEU in 1966

By ROBERT WALKER
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A continued high level of economic activity this year foreshadows a gain in 1966 Belgium-Luxembourg Economic Union (BLEU) imports of about 10% over last year's. U.S. exports to BLEU may rise about 7% over the $550 million shipped in 1965.

Despite a first quarter growth in industrial production of only about 2% above the comparable 1965 period, overall industry prospects are seen as good for 1966 and may well be enhanced by the traditional fall revival. An expected rebuilding of stocks could add moderately to import gains. Also, U.S. exporters should find opportunities for equipping plants of American subsidiaries, now under construction or planned for the near future.

The gross national product for 1965 is estimated at $16.5 billion, 3% above 1964 in real terms. Estimates for 1966 indicate that it may reach $17.6 billion, up about 3% in real terms over last year.

Some reluctance by Belgian businessmen to invest in production facilities has been induced in part by a squeeze on profits. However, the Government has announced measures to stimulate the capital market, private investment and business activity.

In May, the Belgian Government introduced controls on credit and prices to counter inflation. Support for these and other Government moves may be expected in view of the general concern over inflation, particularly if the Government cuts back its own expenditures.

Retail prices up

In the first quarter of 1966, the retail price index advanced by 2.2% (by 5.7% during the 12 months ended March 1966), triggering automatic wage raises for some half-million employed in the public sector. A further rise in April brought wage increases in a number of important industries, including iron and steel, metal manufactures, and coal mining. With almost all salaries and wages tied to the retail price index, pay scales have moved up with the index. Labor productivity, however, has lagged behind wage hikes.

BLEU trade in 1965 topped the 1964 record levels. Imports rose to $6,374 million, up 7.6% from 1964, and exports hit $6,382 million, 14.2% higher. For the first time since 1951, BLEU showed an export surplus. Latest data available for 1966 show total imports for January of $500 million, up 9% from January 1965. Exports for the first two months were $1,032 million, 3% over January-February 1965.

The increase in imports and exports during recent years has largely been the result of greater quantities traded and not rises in value alone. From 1958-64, the index of the volume of trade rose by about 83% for imports and by 76% for exports, compared with about 2% and 1% respectively, for the average value per unit. Future gains are likely to reflect an increasing proportion of more sophisticated manufactures in the export mix, as well as in the import sector.

As in former years, the European Economic Community (EEC) occupied the dominant position in BLEU foreign trade last year. Imports from the EEC reached $3,473 million, up 10.1% from 1964, while exports to the EEC amounted to $3,947 million, 12.8% over the preceding year. The EEC share in total imports increased to 54.5% from 53.3% in 1964. The export share slipped to 61.9% from 62.6% in the preceding period. As the impact of tariff reductions within the EEC begins to take full effect, it appears that the share of BLEU sales to the Community may have peaked out at about 62% and that future sales to this market will be close to this proportion.

Again, the U.S. maintained its position as fourth supplier and customer of BLEU. Imports from the U.S. totaled $550 million, 4.8% above 1964, the lowest percentage increase in any recent year. A further erosion in the U.S. share of the BLEU market was also registered, with U.S. commodities comprising 8.62% of total BLEU imports against 8.86% in 1964. Principal BLEU imports from the U.S. were grains, industrial equipment, mineral fuels, automotive vehicles and parts, diamonds, aircraft, and organic chemicals.

BLEU exports to the U.S. racked up an 18.2% increase to $532 million. Stepped-up shipments of iron and steel mill products accounted for more than one-half the increase registered and were bolstered by heavier exports of automotive vehicles and parts, diamonds, and textile products.

U.S. opportunities

Numerous opportunities exist for U.S. exporters to share in the sizeable rise in BLEU imports expected for this year. Some product categories believed to have promising market potential are gas transmission and utilization equipment; industrial process control equipment; electronic components; materials handling equipment; packaging equipment; scientific and technical instruments; machinery and other equipment for the chemical industry; textile machinery; power hand tools; earthmoving equipment; plastics; medical, dental and surgical equipment; automobile maintenance and repair equipment; wearing apparel and accessories; and additives for fuels and lubricants.

Although no official participations in Belgian trade fairs are scheduled for the remainder of 1966, exports to BLEU may be given a little fillip by advance purchasing for an America Week, planned for the spring of 1967 by the large Brussels department store, A l'Innovation, and its branches.

Belgium-Luxembourg's Imports, 1965

Total imports	$6,374 million
From U.S.	$ 550 million
U.S. share	9%

Belgium-Luxembourg's Exports, 1965

Total exports	$6,382 million
To U.S.	$ 532 million
U.S. share	8%

Belgium's chief imports from the U.S.:
Grains, non-electrical machinery, chemicals, food preparations, motor vehicles, textile products, coal, diamonds, aircraft, iron and steel mill products, electrical equipment.

Belgium's chief exports to the U.S.:
Iron and steel mill products, diamonds, textile products, transportation equipment, photographic products, glass and products.

Denmark

Resources shifting to export industries in drive to eliminate trade deficit

By PAUL W. LEINENBACH
European Division, BIC

Denmark's Imports, 1965

Total imports	$2,812 million
From U.S.	$ 240 million
U.S. share	9%

Denmark's Exports, 1965

Total exports	$2,274 million
To U.S.	$ 159 million
U.S. share	7%

Denmark's chief imports from the U.S.:
Oilseeds, machinery, grain, feedstuffs, tobacco, transportation equipment, plastics, fruits and vegetables, chemicals.

Denmark's chief exports to the U.S.:
Meat and meat products, hides, skins, machinery, furniture, animal and plant raw material, fish, dairy products.

Denmark will continue to be an excellent market for U.S. exports during 1966. Total imports increased by 8% in 1965 reaching $2,812 million. Total imports from all sources for the first three months of 1966 are running about 5% above the 1965 level.

The excessive activity which characterized the economy in the first nine months of 1965 has slackened and a more moderate expansion is anticipated throughout 1966. Severe labor shortages, persistent inflationary pressures and a deficit in the current account will continue, but monetary and fiscal controls have brought economic activity more into balance with the country's resources. Resources are gradually being shifted into export industries, as a result of the Government's export expansion drive to eliminate the current account deficit.

The Gross National Product (GNP) reached $10.8 billion in 1965, a 12% increase over 1964 in current prices and 4.5% in real terms. While substantially below 1964's real growth rate of 7.5%, it was the maximum possible considering Denmark's fully utilized labor force and lack of idle industrial capacity. The continuing shortage of these two factors of production will limit the real growth of GNP to about 3.5% during 1966.

The business outlook remains optimistic. The economic pace has slowed down from an overheated rate of early 1965. A better balance between the supply and demand of resources is expected this year. As a result of heavy investment in industrial building projects in recent years, industrial investments will level out at around 1965's volume.

In the last few years, prices and costs have risen faster here than in most other industrialized countries. During 1965, money incomes rose by 13%. The majority of this increase spilled over into excess demand and resulted in an 8% increase in prices. The corresponding rise in the Price Index will set off a general round of wage and salary increases as a result of escalation clauses tieing wages and salaries to the Index. During 1966, incomes are expected to increase by 10% but the continuing restrictive fiscal policy combined with increases in production should absorb the majority of the increase.

Exports in 1965 increased at a faster rate than imports. Exports went up by 9%, led by industrial products, primarily machinery and ships. During the same period, imports, led by rising imports of machinery and raw materials, increased by 8%.

In the first quarter of 1966, exports continued to expand at a faster rate than imports. Led by machinery, canned meats and chemicals, exports increased by 9.6% over the first quarter of 1965. Imports increased by only 5% over the first quarter of the prior year. The growth in imports resulted primarily from increased purchases of machinery and appliances, offset slightly by a decline in imports of iron and other base metals and motor vehicles.

Increases expected

In 1966, the U.S. should increase its share of the Danish market. During the first three months of 1966, U.S. exports totalled $66 million, $20 million over 1965's first quarter. U.S. supplied goods accounted for 8.7% of Danish imports vs. 6.1% during the same quarter last year. The greater part of this year's increase is due to expanded sales of transportation equipment, oilseeds, plastics, and machinery.

According to Danish statistics, major categories of U.S. industrial exports and the U.S. share of the market in 1965, in parentheses, were as follows:

Non-electric machinery (10.8%); transportation machinery (5.6%); electrical machinery (8.7%); plastic materials (15.6%); chemicals (9.6%); professional and scientific instruments (11.0%). Structural changes expected in the economy should result in a continued expansion in demand for these products.

Four agricultural categories (corn, oilseeds, feedstuffs, tobacco) account for 44% of U.S. exports to Denmark. Preliminary reports indicate that the severe winter and late spring will increase the demand for U.S. agricultural exports.

Eliminating tariffs

Beginning in 1967, Denmark will eliminate the tariff on industrial items originating in other European Free Trade Association (EFTA) countries (United Kingdom, Sweden, Norway, Austria, Switzerland, Portugal and associate member Finland). With the gradual reduction in the inter EFTA tariff level EFTA countries are accounting for a greater proportion of Denmark's industrial imports.

As industry continues to expand and specialize, the market for U.S.-supplied basic raw materials and advanced labor-saving technological products will continue to grow. A recent Bureau of International Commerce study indicates excellent sales opportunities exist for packaging machinery, machine tools for new plants and for modernizing existing industries, synthetic textiles, plastic raw materials and machinery for the plastics industry, telecommunications equipment, graphic machines and food processing machinery.

A program to increase U.S. exports to Denmark in 1966 will be conducted through the U.S. Trade Center in Stockholm, which serves all the Scandinavian market.

Excellent Danish facilities are also available for exhibiting U.S. goods. A new exhibition facility, the Bella Centre, was opened in Copenhagen in the fall of 1965.

Finland

Industrial investment slowdown curbs prospects for sales of U.S. machinery

By HAROLD A. McNITT
European Division, BIC

Finland's Imports, 1965

Total imports	$1,646 million
From U.S.	$ 101 million
U.S. share	6%

Finland's Exports, 1965

Total exports	$1,427 million
To U.S.	$ 86 million
U.S. share	6%

Finland's chief imports from the U.S.:
Machinery, motor vehicles, chemicals and plastics, foods, manufactured articles, textiles, tobacco, soybeans.

Finland's chief exports to the U.S.:
Newsprint and other papers, paperboard, plywood, articles of wood.

Although the Finnish market will offer new sales opportunities for American products this year, the overall level of U.S. exports to Finland in 1966 may not rise significantly above last year's record.

The leveling trend in U.S. sales reflects a temporary decline in Finnish industrial investment. Capital expenditures have been retarded by exceptionally tight credit conditions, leading to slackened demand for the chief U.S. export to that country —machinery.

On the brighter side, Finnish market demand remains vigorous for a wide range of consumer articles.

Although the Finnish economy will continue to move forward this year, the pace will be restrained. Finnish authorities estimate that the gross national product (GNP) will increase by about 3.5% in terms of constant prices (1965 GNP= $8.2 billion), compared with a 5% gain last year. The Finnish business community also appears to expect moderate growth in 1966.

Vigorous efforts to achieve price stability following the severe inflation of 1964 have been fairly successful. Several monetary measures have been employed, including successive rediscount rate increases and tight limitations on bank credit expansion.

After prolonged wage negotiations during the winter, a nationwide wage increase was agreed upon which will average 4.5% for 1966. This increment should be only mildly inflationary, however, since it is not greatly in excess of the growth in productivity.

Reflecting the high level of economic activity in Finland last year, international trade expanded substantially. Total Finnish imports were valued at $1,646 million, 9% higher than 1964.

Exports strengthen

Imports from the United States reached a record level of $101 million, a 10% rise. The U.S. share of the Finnish import market remained steady at 6%. Impressive gains were achieved in U.S. sales of machinery, transport equipment, chemicals, manufactured articles and raw materials.

Finnish imports from the United States continued their forward momentum during the first four months of 1966. In the January-April period, Finland bought goods from the U.S. valued at more than $35 million. Total imports during the same span reached $527 million.

Finnish exports during 1965 reached $1,427 million, almost 11% higher than the previous year. Although encouraging, the increase failed to match the big rise in imports. Finnish authorities are concerned about the mounting trade deficit, which reached $219 million in 1965.

Past deficits have been offset chiefly through long-term borrowing from abroad. The recent tightening of international sources of credit, however, has made it increasingly difficult for Finland to obtain credit on favorable terms.

Measures being employed to improve the balance-of-payments situation include a vigorous export promotion program, tightening of domestic bank credit, and restrictions on installment buying.

However, the Finnish Government plans to continue its program of liberalizing remaining quantitative import restrictions. On January 1 quotas were lifted from 220 additional items, some of which are of interest to U.S. exporters (INTERNATIONAL COMMERCE, February 14, 1966). Most goods imported into Finland from the United States now enter free of quantitative restrictions.

Although opportunities for new capital goods sales to Finland may be somewhat scarcer this year because of the apparent decline in investment expenditures, Finland will continue to provide an attractive market for modern, well-designed products.

Finnish demand for U.S. chemical products is reportedly vigorous.

The U.S. has announced that it will participate officially in the Helsinki International Trade Fair September 15-25. Held every two years, this event is one of the Nordic Area's most important international exhibitions. Approximately 30 representatives of U.S. chemical, machinery, and instrument manufacturers plan to participate.

American manufacturers interested in the Finnish market may find it profitable to exhibit their products in the United States Trade Center in Stockholm. This facility is designed to attract businessmen from the entire Nordic Area. U.S. firms displaying at the Center have reported numerous potentially valuable contacts with Finnish companies.

Brisk retail trade

Reflecting the current high level of disposable income, retail trade in Finland was unusually brisk in 1965, and this trend continues. Growing urbanization has stimulated sales of household items. Retail sales volume is expected to increase by about 5% this year.

Overall industrial production presents a mixed picture in Finland this year. Healthy gains are being reported by the engineering and metal industries. The forest product industries may also show some advances in level of output, but the extent of this increase will depend on world market conditions. The Finnish Government has made a provisional estimate that the overall volume of industrial production will advance by about 4% in 1966.

Construction activity was about 10% higher in 1965. While building activity is expected to stay vigorous during much of 1966, tight credit conditions will probably dampen the rate of new starts.

France

Record imports expected as economy continues year-long recovery from pause

By ALEXANDER DAUMAN
European Division, BIC

Chances are excellent that French imports from the United States will rise by some 8% to a record level of about $1,170 million in 1966. France's imports from the world will most likely grow at a faster rate—probably 13%—to a total of some $11.6 billion.

The potential for a significant expansion of U.S. sales to France, especially of machinery and other industrial supplies, appears very good due to the greatly improved French economic situation. The economy is consolidating its recovery which began in the second part of 1965. Industrial production is now rising at an annual rate of 7%, with most industries reporting gains.

French Imports, 1965

Total imports	$10,345 million
From U.S.	$ 1,088 million
U.S. share	10%

French Exports, 1965

Total exports	$10,056 million
To U.S.	$ 595 million
U.S. share	6%

France's chief imports from the U.S.:
Machinery, chemicals, instruments, grain, fuels, soy bean cake, copper, aircraft, automobiles, cotton, plastics, meat, rubber goods.

France's chief exports to the U.S.:
Steel mill products, machinery, automobiles, alcoholic beverages, works of art, aluminum, perfumery, chemicals, instruments.

Businessmen are generally optimistic, and the majority foresees a further rise in production and a continued flow of export orders, now at record level.

Anticipating substantial increases in French exports and consumption, as well as an upward trend in private investment, the Government expects 1966 GNP to reach $100 billion, up 4.9% in real terms from $93 billion in 1965, compared with a 3.4% gain the year before.

French retail prices may rise by as much as 4% this year. Wholesale prices, however, will probably remain relatively stable. The excellent French export performance—first quarter exports of $2,672 million stood 12.9% over first quarter 1965—indicates that French goods continue to compete well in foreign markets.

Both French exports and imports are becoming increasingly EEC-oriented as the internal EEC tariffs are whittled away. A further 10% reduction took place on January 1.

The share of French exports taken by EEC countries during the first quarter of this year increased to 43.8%, compared with 41.2% in the corresponding period of 1965. The share of French imports supplied by these countries rose one percentage point to 39.8%.

French 1965 imports, totaling more than $10.3 billion, rose only 2.7% above 1964. However, January-April 1966 imports of $3.9 billion were 13.8% over the first four months of 1965.

Imports from the United States in 1965 of slightly less than $1.09 billion declined 4.2% below 1964, but in January-April of this year they rose 11.2% over the first four months of 1965, to $399 million. The increase largely reflects the low level of U.S. exports to France in the early months of 1965, partly due to maritime strikes.

Substantial increases occurred in January-April 1966 in imports of U.S. meat, grain, oil seeds, rubber products, nonferrous metals, paper and scientific and optical instruments. Gains in imports of U.S. machinery were outstanding.

Nevertheless, the U.S. share of total French imports declined slightly to 10.2% from 10.4% for January-April 1965.

Best bets

Products believed to offer exceptionally good opportunities for exports to France include: industrial process control equipment, electronic components, scientific and laboratory equipment, machine tools, electric power equipment for manufacturing industries, industrial refrigeration and air conditioning equipment, packaging machinery and supplies, pumps and compressors, photographic equipment and supplies, laundry and dry cleaning equipment, wearing apparel and accessories, furniture, and pleasure boats and accessories.

The Bureau of International Commerce has scheduled the following exhibits at Paris to help expand U.S. exports to France:

- Packaging Equipment and Materials —International Packaging Exhibition, November.
- Scientific and Technical Instruments and Industrial Controls—MESUCORA, April 1967.
- Aircraft Components and Support Equipment—Paris Air Show, May 1967.

Opportunities appear particularly good this year for sales of U.S. capital goods to France. Private French outlays in plant and equipment, which declined last year, should rise about 5%. The Government plans a second bond issue to raise funds for relending to corporations, and has recently promulgated a 10% investment tax credit to stimulate capital outlays. Other fiscal incentives and government persuasion are successfully promoting mergers of French firms into larger industrial or commercial units, which plan to expand research and development and to improve efficiency.

The availability of credit from U.S. sources may often be decisive in closing export transactions. With the exception of large corporations, French firms generally continue to experience difficulties in financing new investment due to tight credit and lack of reserves. However profits, which have been under pressure since 1963, may improve this year.

Except for construction, most key industrial sectors are now reporting rises in output. New orders are generally at normal or above-normal levels and stocks of finished goods are declining. Nearly 716,000 autos and trucks rolled off production lines during January-April, 33% more than during the first four months of 1965.

The recovery of the captial goods industry is almost general now. Chemical production resumed rapid expansion in March, after a somewhat slower rate of increase in January and February. Steel output has been spotty so far this year, but better prospects are forecast for coming months.

Germany

Import growth slows down as economic expansion levels off; trade surplus seen

By MARGOT W. ZENER
European Division, BIC

Some slackening in German economic growth (from 4.5% to less than 4%) and good harvest prospects are likely to dampen the further increase of both total imports and those from the U.S. in 1966.

With Germany's exports this year growing at a faster pace than imports, German economists are looking forward to a 1966 trade surplus of about $1 billion, roughly three times greater than in 1965.

Germany's Gross National Product reached $112 billion in 1965, 8.4% higher than in 1964 in current prices (4.4% in constant prices). A growth rate of less than 4% in real terms is expected this year.

German Imports, 1965

Total imports	$17,625 million
From U.S.	$ 2,299 million
U.S. share	13%

German Exports, 1965

Total exports	$17,930 million
To U.S.	$ 1,436 million
U.S. share	8%

Germany's chief imports from the U.S.:
Machinery, aircraft, oil-bearing seeds, chemicals, electrical and electronic equipment, tobacco, coal, copper.

Germany's chief exports to the U.S.:
Automobiles, machinery, iron and steel products, electrical and electronic equipment, precision products, chemicals.

A slowdown of the economic expansion which reached its peak in the first half of 1965 has been occurring since the beginning of this year. According to a survey conducted by one of Germany's economic research institutes, German industrialists are planning to increase their plant investments by only 5% this year, compared with a 16% increase in 1965.

Plans to invest in equipment have also slowed considerably, and general investment plans recently were dampened even more by the decision of the German Federal Bank to raise the discount rate from 4 to 5%. Expenditures on investment in construction will probably grow somewhat more rapidly this year than they did in 1965, however, with a comparatively large increase expected in residential building.

The rate of increase of private consumption will slow down as wages grow less rapidly than in 1965 and as tax withholdings increase for those consumers moving into higher tax brackets. With the Government attempting to hold down inflationary pressures, public expenditures will also expand less rapidly.

Tight market

The labor market at present is extremely tight, with virtually no unemployment and 1.2 million foreigners working in Germany. Although credit is also very tight, monetary authorities have shown no inclination to discontinue restraints on the money market, since they believe that stability must be restored, even, if necessary, at the cost of reducing temporarily the rate of economic growth.

The 20% increase in German imports recorded for 1965 will not be maintained during 1966. German economic forecasters predict that import growth for all of 1966 will be about 8-9%. The rate of increase of imports from the U.S. lagged behind that of total imports in 1965. Purchases from the U.S. grew by 14% to reach $2.3 billion, 13% of total imports.

EEC preferences

This lag will probably continue since the Common Market countries are enjoying increasing tariff preferences vis-a-vis third country suppliers. Tariff rates applied by Germany to imports of non-agricultural commodities from other European Economic Community members were reduced by 10% last Jan. 1, so that they are now 80% below the rates levied on imports from third countries, including the U.S.

In addition, tariff rates on approximately 8% of German imports from third countries increased on July 1, following the EEC Council of Ministers' decision to cancel the waiver permitting Germany to harmonize its national rates to the proposed Common External Tariff minus 20%.

Imports of defense items will probably be below 1965 levels this year. In the first three months of 1966, total imports grew by 11%, with imports from the U.S. increasing by only 5.4%.

Exports, which grew by 10% in 1965, will be among the most expansionary forces in the German economy this year. A growth rate of 10-12% is expected because of current economic growth in Italy and France, sustained good markets in the U.S., and efforts by German exporters to open new markets in the rest of the world.

Larger trade surpluses and therefore a reduction in Germany's balance of payments deficit should occur during 1966.

Good opportunities exist for the sale of labor-saving devices and advanced technical equipment such as food processing equipment, electronic control devices and components, automatically controlled machine tools, automatic filling and packaging devices, materials handling equipment, and electronic data processing machines and computers.

Rising affluence

As the German economy becomes steadily more affluent, with personal consumption per capita at 1954 prices reaching about $843 in 1965, opportunities for the sale of unusual consumer items, such as Early American furniture, continue to grow. The market for children's clothing and other items for infants has been expanding rapidly in the last few years.

The following shows have been scheduled for the permanent U.S. Trade Center at Frankfurt this fall:

- Environmental Testing Equipment, Oct. 5-12
- Oceanographic Equipment, Nov. 2-9

In addition, official U.S. exhibits will be held at the following German trade fairs next spring:

- Hanover Fair, April 30-May 5
- Chemical Equipment Fair (ACHEMA), Frankfurt, June 21-29

Greece

U.S. expected to maintain market share despite country's association with EEC

By ARTHUR J. LAEMMERZAHL
European Division, BIC

Greece's imports are likely to show a substantial increase again this year, with U.S. suppliers enjoying greater sales as the U.S. maintains its share of the market.

Although Greece's payments deficit has caused it to initiate measures to restrict demand for luxury items, imports of capital goods and raw materials will remain unaffected. The U.S. enjoys a good market for these products in Greece, despite the country's association with the European Economic Community.

A favorable business climate, availability of labor, its association with the EEC, and location with regard to Near Eastern markets, have spurred industrialization and foreign investment. Imports of capital rose by 27% in 1965, and imports of capital goods from the U.S. climbed 34% to $54 million. Although part of this very rapid increase was stimulated by shipments of equipment for the recently-completed Esso-Pappas refinery near Thessaloniki, demand for U.S. capital goods in other sectors also remains high.

Greek Imports, 1965

Total imports	$1,134 million
From U.S.	$ 113 million
U.S. share	10%

Greek Exports, 1965

Total exports	$ 328 million
To U.S.	$ 31 million
U.S. share	10%

Greece's chief imports from the U.S.:
Foodstuffs, industrial machinery, transport equipment.

Greece's chief exports to the U.S.:
Tobacco, olives, furs, minerals.

Impressive growth

The economy has proved its strength by maintaining an impressive rate of growth despite the Government crisis of last summer. National income rose by 7.3% in 1965. This increase was led by a growth of 13% in mining output, 11.7% in electric power production and 9.8% in production of capital goods. Despite gains in industrial production, Greece remains dependent on agricultural products for its export earnings. In 1966, about 90% of its exports are expected to be agricultural.

The present Government has acted quickly and responsibly to restore and maintain business confidence following last year's crisis. Although there is some uneasiness at the prospect of general elections this fall, business confidence in Greece remains high.

U.S. exports to Greece during 1965 rose by 26.7% over 1964, although $16.4 million of our exports were shipments of surplus agricultural commodities under Public Law-480.

At the same time, exports to the U.S. fell by 12.8%, because of a decline in U.S. tobacco purchases. The total merchandise deficit during 1965 amounted to $700 million, a spectacular increase of $128 million, or 22.4%, over the 1964 deficit. On the other hand, earnings from "invisibles" recovered from the 1964 slump caused by the Cyprus crisis.

Shipping receipts reached $164 million, up 11.5% over 1965; emigrant remittances and pensions amounted to $128 million, a 9.4% expansion; and the tourist sector earned $108 million, an 18.7% increase. The current account deficit in 1965 came to $280 million, a 34% increase over 1964.

In late 1965, Greece took the first steps toward aligning its tariffs with the Common External Tariff (CXT) of the EEC. Further adjustments will be made periodically until 1984, when Greece's tariffs will be fully aligned with the CXT (See INTERNATIONAL COMMERCE, Dec. 13, 1965).

Electrical equipment and chemical raw materials should lead the list of U.S. goods with a sales potential in Greece. Other items for which there is a promising market include accounting machines, food processing machines, mechanical handling equipment, electro-mechanical hand tools, and packaging and filling machinery.

Aggressive efforts needed

The overall U.S. share of the total volume of Greek imports could definitely be expanded if U.S. manufacturers and exporters as a whole would put forth more aggressive marketing efforts and, after studying local market conditions and business practices, would be willing to emulate their European competitors.

A reassuring observation which holds true for most commodities is that where prices and credit accommodation are similar to those of European origin, U.S. manufactured goods are usually preferred by Greek consumers.

The Government welcomes foreign private investment and, under its basic foreign investment law (No. 2687), offers a great many incentives to the prospective investor. On the other hand, numerous bureaucratic hurdles and strong adverse pressures from domestic manufacturers with conflicting interests have acted to dampen the enthusiasm with which private capital might otherwise enter this country.

Easing red tape

The Government is seeking ways to ease the burden of red tape, however, and other aspects of investing in Greece remain favorable. A slight increase in the flow of investment capital under Law 2687 is foreseen for 1966, even though the two major investment projects in Greece (the Esso-Pappas refinery and the Pechiney aluminum plant) are virtually completed.

Greece recently published a draft development plan adopted by the Government as a basis for discussion of the final plan. The plan is designed to prepare the Greek economy for full association with the EEC. It aims at a Gross National Product of $6.6 billion by 1970, and envisages average annual rates of growth through 1970 of 11% in manufacturing, 10.2% in construction, 8.4% in mining, 7.4% in transport and communications, and 5.1% in agriculture.

To maintain payments stability, the plan hopes to keep foreign exchange reserves at about one-fourth the level of annual imports.

Italy

Producer, consumer demands indicate projected sharp rise in imports this year

By JOHN A. CANTWELL
European Division, BIC

All current indicators point to a sharp rise in Italian imports in 1966. With Italian economists forecasting an increase in imports of from 15 to 20% during the year, U.S. exporters will find increasing opportunities here, where renewed strength as a producer and as a consumer is exhibited.

The impetus of Italy's dynamic recovery from its recession of 1963-64, while reflected in most industrial sectors and obvious in the Italian export success achieved in 1965, has only begun to affect imports as raw materials and semi-manufactures were needed to replace depleted stockpiles and to support increasing production.

Italian Imports, 1965

Total imports	$7,347 million
From U.S.	$ 989 million
U.S. share	14%

Italian Exports, 1965

Total exports	$7,188 million
To U.S.	$ 618 million
U.S. share	9%

Italy's chief imports from the U.S.:
Corn, machinery, coal, chemicals, oil seeds and fruits, copper, cotton, iron and steel scrap, airplanes, lumber, pulp.

Italy's chief exports to the U.S.:
Apparel, footwear, textiles, machinery, iron and steel, business machines, cheese, automobiles, motorcycles, leather gloves, wine and vermouth.

Private investment activity and resulting imports of plant equipment have been slow in recovery but present indications are optimistic for marked gains in the rate of investment as 1966 progresses. Consumer expenditures for imports are expected to grow during the year as disposable incomes increase and as more workers achieve full employment.

In 1965, Italy's Gross National Product (GNP) rose to $56.7 billion, a 3.4% increase over 1964 in real terms and a 7.1% growth at current prices. The official forecast and target for GNP growth in 1966 is 4.5%, almost up to the 5% rate set as an aim of Italy's 1966-70 economic program.

As the mid-year passes, reports from Italy show growing confidence by businessmen in the present state of the economy and in its future. Inventories of finished products are lowering to levels last seen in early 1964. A beginning upswing in the investment goods sector was first noted at the end of 1965 and estimates of production in the intermediate goods sector are at the highest levels in two years. The demand for consumer goods, especially consumer durables, is on the rise. Surveys of Italian businessmen show that their near-term production prospects are the most confident recorded since April 1963.

Price increases in Italy during 1965 were moderate, especially in regard to non-food and non-agricultural products. Wholesale prices rose by 1.5%, of which non-agricultural prices grew by only 0.9%. Consumer prices increased by 4.6% but non-food consumer prices rose by only 2.6%. The expected continued growth of domestic demand in Italy in the near future is not likely to press against the price level to any major degree. While inducing higher domestic output and larger imports, such greater demand has some way to go before the present capacity limitations of domestic industry are reached.

Wages are a more immediate concern in the Italian economy. Many major labor contracts covering several million employees have expired and are still to be negotiated. Businessmen fear the effect of major wage increases on unit costs and this has been an important factor in reluctance of Italian industry to invest in new plants. However, it is probable that current bargaining will lead to only moderate wage increases, due to present underemployment, and that full pressure on wages will not be experienced until the slack in the labor force has been absorbed. Since this latter development will take some time, the immediate result of 1966 wage negotiations should not only increase disposable consumer incomes but should, once industry is more certain of its labor costs, cause acceleration of investment in new plants and equipment.

U.S. holds share

A further decline of private investment in Italy during 1965 caused a rise in imports during the year of only 1.3%. Imports of machinery declined by 27% compared with 1964. Despite the small increase in total imports, the U.S. maintained its relative share of the market, supplying 13.5% of total imports compared with 13.6% in 1964. There was an actual gain in the value of imports from the U.S. of 0.3%.

Provisional data for January-February, 1966, show total imports up by 22% over the same period of 1965 while exports rose by 14%.

Prospects appear promising for U.S. sales of animal feed, raw materials (such as scrap copper, coal and cotton), lumber, alloyed steel, pesticides, pharmaceuticals and artificial and synthetic fibers.

Acceptance

The success of the U.S. Trade Center at Milan has been proven not only by the sales which have resulted from various shows but also by acceptance into the Italian commercial scene. Exhibits scheduled for the remainder of 1966 are:

- Scientific, Analytical and Laboratory Equipment—Sept. 16-22.
- Chemical Processing Equipment—Oct. 8-16.
- Advanced Electronic Components—Nov. 19-25.

Under consideration for early 1967 at the Trade Center are shows on heating, ventilating and air conditioning equipment, tentatively scheduled for March, and industrial furnaces.

Italy's monetary policy remains expansionary.

At present, the only depressed areas in Italian industry are construction and related industries. The textile and the mechanical and metal-working industries have still not attained pre-recession levels but show promising improvements. Italy's industrial output in 1966, excluding construction, is expected to rise by 8.7%. This development is based on the recovery of investment during the year to the degree of 9.6% over 1965.

Netherlands

Growing expenditures for equipment, need for agricultural goods may boost U.S. sales

By CATHERINE M. KELLEY
European Division, BIC

Netherland's Imports, 1965

Total imports	$7,463 million
From U.S.	$ 765 million
U.S. share	10%

Netherland's Exports, 1965

Total exports	$6,392 million
To U.S.	$ 244 million
U.S. share	4%

Netherland's chief imports from the U.S.: Corn and other grains, oleaginous seeds, animal feeds, non-electrical machinery, organic chemical products, aircraft and parts, coal, electrical machinery.

Netherland's chief exports to the U.S.: Electrical machinery, canned meats, office machinery, iron and steel mill products, flower bulbs, motor vehicles, cocoa, musical instruments and phonograph records.

Dutch imports for 1966 are expected to increase more than 10% above 1965 levels, and U.S. exports to that country may register a 10-12% gain.

The import expansion should be facilitated by a slightly higher rate in consumption than in 1965 and continuing inflationary pressures. Large deliveries of U.S. aircraft, a particularly favorable outlook for U.S. agricultural sales, and increasing Dutch expenditures for plant and equipment, should boost total U.S. exports to the Netherlands more than 10% above last year's total.

Gross national product (GNP) for 1966 will probably expand by about 5.5%, compared with an increase of 5% in real terms in 1965, when GNP reached $18.7 billion. Industrial production is expected to rise 7.5% this year, slightly above the 6.5% gain registered in 1965.

Business confidence remains good, even though profits may be lower this year as production costs continue to rise.

Price and wage increases will be somewhat greater than anticipated earlier in the year. Consumer prices are now expected to rise 5% above the 1965 level, prices for investment goods 3%. Industrial wage rates, including social charges, may go up about 10.5%. Due to the upward revision of wage increases, private consumption now appears likely to register a 4.5% gain, one-half of 1% above earlier expectations.

Imports for the entire year 1965 reached $7,458 million, 5.8% above the 1964 level; exports totaled $6,388 million, up 10%. Netherlands imports from the U.S. last year amounted to $765 million, down 1% from 1964. The U.S. market share dropped to 10.3%, from 11% in 1964. Dutch exports to the U.S. rose to a new high of $243 million, 8.5% above the 1964 mark.

Leading imports from the U.S. last year were corn and other grains, animal feeds, non-electrical machinery, organic chemical products, aircraft and parts, coal, and electrical equipment. Substantial gains were reported in purchases of U.S. oil seeds, aircraft, office machinery and parts, crude sulphur and natural borates, paper and paperboard, and printed matter.

The other Common Market countries continued to strengthen their positions as Netherlands' chief suppliers, increasing the aggregate market share to 53.4% during 1965 from 52% in 1964.

Total Dutch imports for the first quarter of 1966 amounted to $2,009 million, 15% over the like period of 1965. January-March imports from the U.S. rose to $243 million, 67% above the first quarter 1965, increasing the U.S. market share to 12.1%, compared with 8.3% in 1965. Part of this large increase reflects the low level of U.S. exports during the first few months of 1965, resulting from the dock strikes in U.S. East Coast and Gulf ports.

Exports for the first three months of this year totaled $1,540 million, 3% over the same period of 1965. January-February exports to the U.S. jumped to $39 million, up 40% from the like period of 1965.

Opportunities to increase exports of many U.S. products to the Netherlands are excellent, particularly for laboratory, testing, automation and control equipment; copying machines; paper; paperboard; paper products; packaging machinery; water and air purification equipment; pneumatic tools; construction equipment; and prefabricated industrial buildings and components.

Consumer items needed

An excellent market can also be found for consumer items such as household furnishings and supplies; wearing apparel and accessories; handtools; "do-it-yourself" items; recreational equipment; toys and hobby items.

U.S. Government trade promotion activities in the Netherlands for the next few months will be highlighted by two America Weeks. One, featuring general consumer items, will be held October 1-15 consecutively at the three "De Bijenkorf" department stores in Amsterdam, Rotterdam, and The Hague. A second America Week promotion is planned for January 1967 in the Amsterdam outlet of the Vroom & Dreesmann department store chain. This event will feature U.S. furniture displays.

Other trade promotion activities this year include visits to the Netherlands by four industry-organized Government-approved trade missions:

- Mississippi State Industries, September—Amsterdam and Rotterdam.
- Alabama State Industries, September —Amsterdam.
- Georgia State Industries, September —Amsterdam and Rotterdam.
- North Carolina State Industries, November—Amsterdam and Rotterdam.

Among the chief factors expected to contribute to the growth of the Dutch economy this year is an increase in investment, which should expand at a slightly higher rate than last year despite tight credit conditions. An 8% rise in private fixed investment is anticipated, due mainly to large deliveries of ships and aircraft, but also reflecting greater outlays for plant and equipment and substantial inventory building. Expansion in the important construction sector may slow down somewhat from last year's record rate, though a 7% gain is anticipated.

The Government recently adopted wage and price policy measures designed to combat inflation. Government hiring will be curtailed until the end of 1966, and public investment expenditures delayed wherever possible.

Norway

Consumer demand, industrial projects should keep imports at healthy levels

By PAUL W. LEINENBACH
European Division, BIC

Norway's Imports, 1965

Total imports	$2,206 million
From U.S.	$ 155 million
U.S. share	7%

Norway's Exports, 1965

Total exports	$1,443 million
To U.S.	$ 128 million
U.S. share	9%

Norway's chief imports from the U.S.:
Machinery, oilseeds, chemicals, grain, transportation equipment, fruit and vegetables, petroleum products, tobacco.

Norway's chief exports to the U.S.:
Aluminum, fish products, furs and skins, ships, iron and steel products, chemical fertilizers, paper and paper products.

The Norwegian economy, currently enjoying a period of prolonged economic boom, will continue to expand during 1966. With consumer demand expected to remain strong and the investment rate to continue high, the outlook for U.S. exports to Norway in the coming year is promising.

Most areas of Norway's economy are operating at full capacity, employment is high, and labor conditions stable. Although there is a high level of economic activity, pressure on resources appears more moderate and there is a satisfactory balance between demand and production potential.

GNP rose by 5.8% in real terms during 1965. The expansion of production was particularly strong in manufacturing, forestry, fisheries and maritime transport. The expansion in output of industries producing export products and capital goods was much greater than that of consumer product industries.

GNP is expected to increase by 4.5% during 1966 provided that inflationary forces can be contained, export markets continue strong and Norway's terms of trade do not deteriorate. Manufacturing sectors of the economy should lead the growth rate once again in 1966.

The new Norwegian Coalition Government which was formed in October has been operating primarily under its predecessor's economic policies. It is now beginning to initiate its own economic programs. Its stated objectives are to maintain full employment, foster steady economic growth, promote efficient and competitive products, seek equitable distribution of the national income, maintain price stability, and reduce the trade deficit.

Business confidence in both the economic policies of the new government and the prospects for the Norwegian economy is reflected in the extensive investment plans. Manufacturing firms in the industrial area plan to invest 44% more in new plant and equipment during 1966 than the value of actual investment last year.

A particularly big investment growth is envisaged for the primary iron and metals industry and the chemical industry. Imports of machinery, an indicator of investment activity, were 19% higher during the first quarter of 1966 than in the previous year.

During 1965 nominal wages rose by an average of 8.5%, but real wages went up only 4.5%. Inflationary pressures will persist during the coming year, although pressure on resources has moderated and a reasonable balance in both the external and internal economy is expected to be maintained.

The high level of economic activity is reflected in Norway's 1965 foreign trade figures. Imports reached a level of $2.2 billion during 1965, an 11% increase over 1964. Commodity imports (excluding ships) were up 8.2%. Machinery and transport equipment continue to rank foremost among Norway's imports.

Norway's current account deficit continued in the first quarter of 1966. The strong demand for consumer and investment goods as well as raw materials and semi-manufactures for industry brought about an 8% increase in first quarter imports of commodities, compared to the first quarter of the previous year.

Dominant categories

Although a broad range of products shared in this increase, 60% of the rise was accounted for by mineral oil products, chemical compounds, machinery and transport equipment. Imports of these products should continue to rise.

Exports increased by 11% during the first quarter of 1966, resulting in a slightly reduced trade deficit.

The U.S. share of the Norwegian market was 7% during 1965. Machinery and transportation equipment accounted for 33% of total U.S. exports to Norway. Other leading imports from the U.S. which showed gains in 1965 were fruits and vegetables, oilseeds, non-ferrous metals, and instruments.

Norwegian imports from the United States reached a total of $42 million during the first quarter of 1966. Because of the continued strong demand for capital equipment and industrial raw materials, U.S. exports to Norway should increase at a slightly faster rate in 1966.

As Norwegian industry continues to grow and specialize, the market for both basic raw materials and advanced labor-saving technological products will expand. A recent Bureau of International Commerce study indicates excellent sales opportunities for ship accessories and equipment, electronic control and measuring devices, water purification equipment, packaging and assembly equipment, cryogenic refrigeration equipment, as well as teaching aids, forestry equipment, and material handling equipment.

The U.S. Trade Center in Stockholm, Sweden serves all of the Nordic market. U.S. manufacturers and exporters can exhibit their goods by participating in one of the Trade Center exhibits or in the between-show displays.

Beginning in 1967, Norway will completely eliminate the tariff on industrial items originating in other European Free Trade Association (EFTA) member countries (United Kingdom, Sweden, Denmark, Austria, Switzerland, Portugal and associate member Finland).

Although American exporters face increased competition from suppliers in EFTA countries, many U.S. machinery products will be unaffected by the tariff advantage enjoyed by EFTA exporters. Under the Norwegian customs law machinery and industrial raw materials of a type and kind not produced in Norway enter duty free.

Spain

Economy's sustained, rapid growth creates strong demand for varied goods, services

By RICHARD HUMBERT
European Division, BIC

Opportunities for exporting to Spain should remain bright through the remainder of the year. Spain's imports hit a new high of $3,024 million in 1965, with the U.S. accounting for $528 million or 17%. The trend appears to be continuing in the first four months of this year as imports totaled $1,267 million, a 38% increase over the record pace in the same period last year.

The Spanish economy's sustained rapid growth is creating a strong demand for goods and services in most sectors of the economy. Sales of capital equipment, raw materials and semimanufactures should keep pace with the overall increase in imports. In 1965, the gross national product (GNP) increased 8.2% to $19 billion, a greater increase than in 1964, and per capita income approached $600. GNP is expected to increase at least 6% this year.

Business confidence appears strong at mid-year despite the widening trade deficit and inflationary pressures. After last year's increases of 11% and 13.2% in the wholesale price and cost-of-living indices respectively, one of the Government's principal economic preoccupations has been its price restraint program.

The tolerable limit of price rises this year has been set at 4%. The Government has sought to limit wage increases, cut government expenditures, assess a surtax on some luxury products and services, and limit the allowable annual increase in bank credits to the private sector to 17%.

There is mild optimism that the program is beginning to bear fruit—at the end of March, the cost-of-living index stood slightly below its year-end level. While prices will inevitably be subjected to increasing pressures over the next three to six months when the tourist season hits its peak, the Government is counting on higher agricultural production and continued importation of foodstuffs to meet increased demand and eliminate the inflation of recent years.

Spain's imports jumped 34% last year to $3,024 million. Principal commodities imported were machinery and electric equipment, feed grains, minerals, chemicals, textiles, metals and metal manufactures.

Imports from the U.S. increased by a spectacular 50%—from $352 million in 1964 to $528 million, as the U.S. increased its share of the market from 15.6% in 1964 to 17% in 1965, and continued to hold the position of Spain's principal supplier.

In the first four months of this year, the U.S. maintained its share of the market with $221 million in exports.

Spanish Imports, 1965

Total imports	$3,024 million
From U.S.	$ 528 million
U.S. share	17%

Spanish Exports, 1965

Total exports	$ 945 million
To U.S.	$ 115 million
U.S. share	12%

Spain's chief imports from the U.S.:
Non-electric machinery, cereals and preparations, vegetable oils and fats, transport equipment, iron and steel.

Spain's chief exports to the U.S.:
Vegetables, alcoholic beverages, footwear, chemicals, artworks and antiques, clothing.

Import categories

About three-fourths of all 1965 imports were accounted for by six categories of goods—vegetable products, chemicals (mostly organic and fertilizers), textiles (mostly man-made fibers, cotton and wool), metals and metal products, and machinery.

Spanish exports increased to $945 million against $920 million the previous year, for only a 2% rise. Foodstuffs (mostly canned foods and wine), vegetable products, and chemicals accounted for over 50% of all exports, with minerals, metals, chemicals and machinery making up most of the remainder.

Exports to the U.S. amounted to $115 million in 1965, about the same as in 1964 and accounted for 12% of Spain's exports. The U.S. was Spain's third best customer, after the U.K., U.S. and West Germany.

Product categories which offer the best opportunities to U.S. exporters are capital equipment, such as machine tools and construction equipment; food handling and processing equipment; hotel and restaurant equipment (demand for which is being created by the burgeoning tourist industry); general industrial equipment, (the recent successful U.S. commercial and industrial refrigeration solo exhibit held in Madrid demonstrated the marketability of such U.S. goods.

With rising incomes, sales of consumer goods and equipment for services are expected to be favorable as evidenced by the America Week promotions held by a leading department store which were highly successful and super markets and large department stores now common in the larger cities.

Production in many sectors is still insufficient to meet growing domestic demand, and there should be good opportunities for exporting, producing under license or possibly establishing franchise agreements in the near future.

The Spanish Government is continuing to pursue its announced policy of trade liberalization. In the early part of the year the 11th Liberalization List was issued, covering paper and paper products.

Balance of payments deficit

In 1965, income from the 14.1 million tourists ($1,156 million) and remittances from abroad were insufficient to offset the whopping $2 billion trade gap—and the payments balance showed a $140 million deficit, the first since 1958.

The trade deficit in the first quarter contributed to a $159 million draw-down in gold and foreign exchange, and at the end of March, reserves stood at $1,109 million.

The economic boom has been fed by a continued flow of foreign investment which amounted to $246 million in 1965, a 27% increase over 1964, and at the end of 1965 private U.S. investment accounted for 48% of the aggregate. The Spanish Government is continuing to encourage foreign investment, which it considers indispensable to meeting the objectives of the Development Plan.

Sweden

Growing demand for industrial equipment will cause significant U.S. export gains

By HAROLD A. McNITT
European Division, BIC

Sweden's Imports, 1965

Total imports	$4,378 million
From U.S.	$ 415 million
U.S. share	10%

Sweden's Exports, 1965

Total exports	$3,973 million
To U.S.	$ 238 million
U.S. share	6%

Sweden's chief imports from the U.S.:
Machinery, automobiles, chemicals and plastics, metals, fruit, fuels, textiles and wearing apparel, instruments, oils and fats.

Sweden's chief exports to the U.S.:
Machinery, automobiles, iron and steel, pulp, nonferrous metals, manufactured articles, furs, paper and paperboard.

Spurred by an increasing demand for capital equipment, U.S. exports to Sweden are expected to make significant gains this year.

The current surge in spending in Sweden for industrial machinery comes at a time when many Swedish industries have reached near-capacity output levels. The overall growth rate of the economy in 1966 will be restrained by a severe labor shortage in several industries combined with a general tightening of credit availability. In addition, world market prices for some of Sweden's major exports, particularly wood pulp and iron ore, have softened in recent months.

In view of these factors, a moderate increase of 3.5% has been projected for the Gross National Product (GNP) this year. The GNP reached $20.7 billion in 1965, a gain of 3% at constant prices over the previous year.

Business confidence in the long-term future of the economy is reflected in the current steep rise of private investment expenditures. The Government estimates that private capital outlays will increase by about 13% in 1966. Approximately two-thirds of these expenditures will go into new machinery to modernize industrial facilities. This trend began in 1965, when nearly $1 billion was spent by private industry for capital improvements. By installing labor-saving machinery and improving productive efficiency, major industries hope to maintain prices that will be competitive on the world market.

A need to stabilize prices is widely recognized here. The consumer price index jumped 8% between March, 1965, and last March; the wholesale price index advanced 3.5% during the same period. Monetary and fiscal measures are being vigorously employed to restrain the upward drift. As part of this program, the Central Bank recently announced an increase in the rediscount rate from 5.5% to 6%.

Stimulated by sustained prosperous conditions, trade reached record levels in 1965. Imports for the year totalled $4,378 million (c.i.f. value), up 14% from the previous year. Imports from the U.S. were valued at $415 million, an 8% increase.

Imports of U.S. industrial products scored striking advances. Impressive gains were achieved in purchases of U.S. machinery (up 21% from 1964); transport equipment (up 38%); chemicals (up 10%); and instruments (up 21%).

Import statistics for the first quarter of 1966 indicate a continuing strong upsurge in trade with the U.S. Total imports during January-March were valued at $1.2 billion, an 8% increase over the first quarter of 1965. Imports from the U.S. during the first quarter reached $111 million, an impressive 17% gain over the corresponding 1965 period.

Export trade also advanced significantly last year. Total exports for 1965 were valued at $3,973 million, 8% over the previous year. While impressive, the increase failed to keep pace with the 14% increase in total imports. Imports exceeded exports by approximately $400 million. The problem is being met through measures to restrain inflationary trends, already described, and through a vigorous export promotion program.

Expenditures to increase

Because of the increase this year in Swedish private investment expenditures, the market is especially promising for U.S. industrial machinery required by the basic industries. These include engineering industries (producing heavy machinery, motor vehicles, aircraft, ships); metal industries; forest product industries; and the rapidly growing chemical and plastics industries.

Sweden also offers promising sales opportunities for new and well-designed consumer articles.

The U.S. export expansion program this year in Sweden will include several shows in the U.S. Trade Center in Stockholm. Designed to appeal not only to Swedish businessmen but to business visitors from the entire Nordic Area, the new U.S. showcase will present an exhibit of Equipment and Accessories for the Pulp and Paper Industries Sept. 13-21. Other shows featuring a wide variety of products are under preparation; these will be announced in later issues of INTERNATIONAL COMMERCE. The Center, which opened in March 1965, is available for use by U.S. firms and their overseas representatives for company exhibits, meetings, and many other purposes in addition to major scheduled product shows.

Most branches of Swedish industry are expected to register moderate production gains this year. The machinery industries, most important in terms of total output, are operating at near-capacity levels.

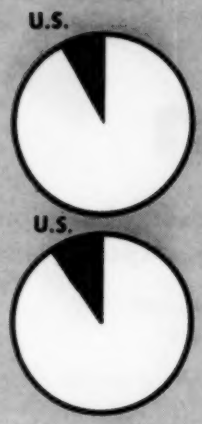
The paper industry is also reporting that the market outlook for most major grades of paper and paperboard is favorable and production should remain at a high level throughout the year. The pulp industry, though depressed by a softening of world demand in past months, reports that demand is becoming brisker as pulp buyers abroad run down their inventories.

In contrast with these favorable production trends, the textile and shoe industries have been pressed by increasing competition from foreign manufacturers. Since early this year, several textile industry plants have been forced to close and additional shutdowns are likely. To make the industries more competitive, extensive modernization of remaining plants will be needed. This development should provide significant sales opportunities for U.S. producers of textile and shoe manufacturing machinery.

Switzerland

Tight credit, foreign worker reduction may curb vigorous economic growth

By WILLIAM YETT
European Division, BIC



Swiss Imports, 1965

Total imports	$3,707 million
From U.S.	$ 315 million
U.S. share	8%

Swiss Exports, 1965

Total exports	$2,993 million
To U.S.	$ 291 million
U.S. share	10%

Switzerland's chief imports from the U.S.:
Industrial machinery, motor vehicles, tobacco, textiles, organic chemicals, precision instruments, aircraft.

Switzerland's chief exports to the U.S.:
Watches, industrial machinery, textiles, precision instruments, organic chemicals, dyestuffs.

Expansionary forces are still driving the Swiss economy upward, but the Government's anti-inflation measures should continue to hold increases in overall economic growth and imports to moderate proportions. U.S. exports should share in the growth of Switzerland's $3.7-billion import market and perhaps increase their share of that market.

Federal Government expenditures, which will rise 20% to $1.4 billion in 1966, and continued strong demand for Switzerland's exports will be two important expansive elements in the Swiss economy throughout 1966.

However, the continued tight controls on credit, first ordered in March 1964, and a further 5% reduction in the foreign labor force ordered this March will probably partially offset those stimulants.

The reductions in the foreign labor force will limit the extent of increases in industrial investment. The most recent decree requires that Swiss firms reduce the number of such workers by 3% as of July 31 and by another 2% by the end of next January.

With the 5% reduction decreed last year, this means that by January 31 Swiss firms will have had to reduce the number of non-Swiss workers by 10% of the March 1965 level. Despite some relaxation in the administration of labor controls, Swiss firms must turn to increasing productivity rather than expanding factory floor space.

Apparently this effort is succeeding, because substantial production increases have been registered by the machinery, watch, and pharmaceutical industries along with a 14% increase in Swiss exports for the first quarter of 1966, over the same period in 1965.

Switzerland's gross national product for 1965 was $13.9 billion, 4.3% in real terms above the 1964 figure, compared with a 5% gain for 1963-64. The 1966 rate of increase is expected to be somewhere in-between the past two years.

Inflationary pressures are still reflected in the cost of living. May data show an increase in retail prices of 5.4% over the previous May, due mainly to rises in food and rent costs. The same data indicate an increase of 2.8% in wholesale prices. Since Swiss employers generally link wage increases to rises in the cost-of-living index, the gains in consumer prices will lead to higher production costs.

The slowdown in economic growth in 1965 had a pronounced effect on imports, which increased only 2.5% to $3.7 billion. Data for the first quarter of 1966 show imports up slightly more than 6%, reflecting increased receipt of machinery, instruments and automobiles.

American exports to Switzerland in 1965 were $315 million, virtually unchanged from 1964, and the U.S. share of the Swiss market slipped from 8.7% to 8.5%. First quarter 1966 Swiss purchases from the U.S., in contrast, were up an impressive 25% over first quarter 1965 and represented 9.5% of total Swiss imports for that quarter. A good part of the increase was accounted for by the sale of U.S. commercial aircraft to the Swiss and higher-than-normal purchases of U.S. grains. Generally poor Swiss harvests in 1965 will probably lead to additional purchases of U.S. grains this year.

Export demands

While U.S. exports to Switzerland are not likely to maintain the growth rate recorded in the first quarter, they could top $380 million for the entire year, better than 8% over the 1965 level.

With exports representing over 30% of Swiss GNP, export demand is a major determinant of the country's economic growth. The substantial increase achieved in 1965, when Swiss exports rose 12.2% over the 1964 level to nearly $3 billion, is continuing to give strong support to the economy in 1966. Except for textiles, all major Swiss export industries are sharing in the rising level of foreign demand.

Swiss exports to this country were up nearly 20% in 1965 and about 22% in the first quarter of 1966.

The Swiss determination to increase productivity offers a rich sales potential for technologically-advanced U.S. labor-saving equipment. Promising prospects are seen for such product lines as scientific and technical instruments, materials handling equipment, process control and recording equipment, road construction equipment, plastic materials, hand tools, building materials, automobile maintenance and repair equipment, office equipment, medical, dental and surgical equipment, industrial and military electronic equipment and components, and prefabricated structures and components.

There is also believed to be a good potential for such consumer items as furniture and furnishings, pleasure boats and other water sport equipment, and wearing apparel and accessories.

Nuclear equipment will be featured in the Bureau of International Commerce exhibit at the first International Nuclear Industries Fair (NUCLEX) to be held at Basel September 8-14. In addition, the Bureau will send an Industrial Productivity Trade Mission to Switzerland and Austria next April.

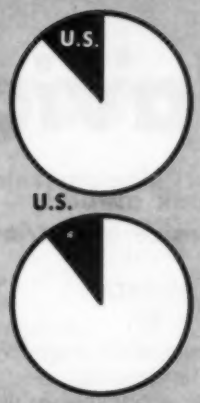
Continued demand for new housing can be seen in the 37% increase in residential building permits issued during the first quarter of 1966, compared with the same period in 1965. However, a recent Swiss Government study predicts that the number of dwelling units completed this year will be 4% less than in 1965.

The decrease in the foreign labor force is expected to ease the housing shortage. The same study foresees a 15% decline in private industrial construction and a 5% rise in public construction.

United Kingdom

Measures to cure balance of payments troubles will determine trade levels

By EDWARD A. LESLIE
European Division, BIC



United Kingdom Imports, 1965

Total imports	$16,138 million
From U.S.	$ 1,886 million
U.S. share	12%

United Kingdom Exports, 1965

Total exports	$13,710 million
To U.S.	$ 1,455 million
U.S. share	11%

United Kingdom's chief imports from the U.S.: Non-electrical machinery, cereals and preparations, electrical machinery, non-ferrous metals and chemicals.

United Kingdom's chief exports to the U.S.: Transport equipment, non-electrical machinery, whiskey, iron and steel, textile yarns, fabrics and articles.

Although U.S. exports to the United Kingdom are expected to show a moderate increase over 1965, the rate of increase during the latter half of 1966 should slacken. The level of U.S. exports will depend to a large extent on measures taken by the British Government to overcome the United Kingdom's balance-of-payments difficulties.

The principal economic problem facing the United Kingdom continues to be its persistent balance-of-payments deficit. The British economy has continued to operate at nearly full capacity, and although there have been indications of a slow-down in certain sectors, it appears that the underlying trend is still upward, in spite of measures introduced to dampen the economy and reduce domestic demand.

British exports have shown a healthy increase so far this year, but imports also have remained persistently high.

The recently settled shipping strike has also added to the Government's headaches and no doubt will have an adverse effect on the U.K. balance-of-payments.

Another factor which will affect imports is the planned removal of the 10% surcharge at the end of November. United Kingdom importers may postpone imports and live off inventories, anticipating removal of the levy.

Although the Government was able to reduce the balance-of-payments deficit by more than half in 1965, the results for the first part of 1966 have been disappointing. It is doubtful whether the Government can achieve equilibrium in balance-of-payments by the end of 1966.

Gross National Product (GNP) totaled $86.2 billion in 1965 compared with $81 billion in 1964. It is estimated that GNP will reach $90 billion in 1966. The growth rate of the economy in real terms, however, was only 2.5% in 1965, and will probably be about the same or somewhat less in 1966.

The Government has introduced further measures to deal with the payments deficit since the beginning of the year, including continuation of the restraint on credit expansion by banks and tightening credit on installment buying.

The budget introduced in early May contained a number of important measures aimed at restoring equilibrium in the balance-of-payments and the longer-term problem of structural reforms in the economy. These measures would include the introduction of a controversial Selective Employment Tax (SET) and a new voluntary program to reduce United Kingdom investment in the developed countries of the sterling area.

SET's goals

The SET has three objectives: an easing of demand, a redeployment of labor from the service industries to the manufacturing industries, and a subsidy to the latter to reduce their costs and make them more competitive.

United Kingdom imports during the first four months of 1966 totaled approximately $5.7 billion, an increase of 9.2% over the comparable period in 1965. There were major increases in imports of non-electrical machinery, up 37% to $422 million; non-ferrous metals, 18% to $402 million; chemicals, 22% to $287 million; paper and paperboard and manufactures, 24% to $126 million; textiles, 30% to $171 million; and transport equipment, 51% to $112 million.

British imports from the United States during the same period increased by 27% to approximately $723 million. The U.S. share of total imports rose from 10.9% to 12.7%.

Principal U.S. product categories showing substantial import gains (percentage increases in parenthesis) were: cereals, $81 million (78%); non-ferrous metals, $61 million (19%); non-electrical machinery, $126 million (38%); electrical machinery and apparatus, $54 million (15%); professional and scientific equipment, $26 million (32%); chemicals, $24 million (25%); plastics, $24 million (54%).

A major aim of Britain continues to be modernization and rationalization of industry. This objective offers U.S. exporters of sophisticated industrial machinery and equipment numerous opportunities for increased sales.

The Government has introduced a new program of cash investment incentives, replacing the former tax benefits, to encourage British industry to increase efficiency through use of more modern equipment and methods.

Product areas offering good sales potential for U.S. exports include: precision machine tools, general industrial equipment, food preparation and packaging machinery, industrial process controls, electronic instruments and components, and equipment for finding and distributing natural gas.

U.S. exhibits scheduled

Upcoming exhibits scheduled for 1966/67 in the U.S. Trade Center in London include: hospital equipment, November 9-16; animal husbandry, December 5-15; education equipment, January 17-27; and commercial refrigeration, March 14-23. Several other possible product themes are also under consideration.

In addition to these exhibits, the U.S. will participate in the London International Engineering Exhibition, April 25-May 4, and is likely to participate in the International Packaging Exhibition, May 22-26.

Yugoslavia

Producers expected to look abroad for equipment to modernize industries

By ARTHUR J. LAEMMERZAHL
European Division, BIC

The U.S. should maintain its share of the Yugoslav market in 1966, which will expand only moderately.

Yugoslav producers are growing accustomed to new ways of doing business after the 1965 reform, and are expected to seek equipment from abroad needed for streamlining and modernizing their plants. Such purchases may be facilitated since, in line with the economic reform, a greater share of export earnings may now be retained by Yugoslav enterprises, for use as they see fit.

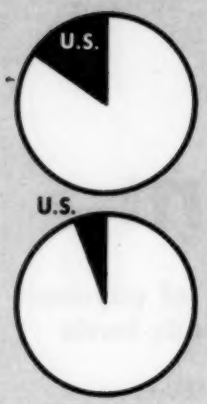
Yugoslavia's Social Product (roughly equivalent to GNP) grew by only 3% in 1965—the lowest rate of growth since 1956. This cutback (Social Product in 1964 had increased 12% over 1963) was sharper than Yugoslavia's economists expected, even though the urgency of dampening its overheated economy was widely recognized. It is anticipated that in the 1966-1970 period, Social Product will again increase rapidly at an annual average of 9-10%. During this period, growth in productivity rather than increased investments should be responsible for most of the expansion of Yugoslavia's output.

The reform measures have taken effect, and the outlook for individual enterprises now depends less on their political support than on their business prospects. Tax reductions and greater retention of earnings have provided firms with more incentives, and it has been made clear that inefficiency will result in bankruptcy. The price-wage squeeze and tight money policy that had severely restricted business activity in 1965 remain, but forward-looking enterprise managers are beginning to take advantage of new opportunities opened by the reform.

Western purchases preferred

As in 1965, Yugoslav enterprises would rather buy from the West and sell to the East because of price and quality differentials. The Government practice of allocating hard currencies according to an enterprises' ability to export has restrained this tendency.

The U.S. share of the Yugoslav market increased to 15% in 1965, as U.S. sales increased while total Yugoslav imports went down. Our commercial shipments (total sales less Public Law 480 sales) remained about the same as in 1964.



Yugoslavia's Imports, 1965

Total imports	$1,288 million
From U.S.	$ 190 million
U.S. share	15%

Yugoslavia's Exports, 1965

Total exports	$1,092 million
To U.S.	$ 62 million
U.S. share	6%

Yugoslavia's chief imports from the U.S.:
Wheat, cotton and vegetable oil under PL-480, scrap metals, coal and coke, and industrial machinery.

Yugoslavia's chief exports to the U.S.:
Tobacco, lead, canned meat, furniture, and electrical equipment.

Yugoslavia's exports and imports for the first quarter of 1966 increased substantially from the same period last year. Exports were up 18.6%, and imports were up 34.8%. In April, the deficit again narrowed somewhat, as exports were up 28% and imports up only 15%.

The first quarter rise resulted from large shipments of PL-480 goods and deliveries of raw materials ordered in 1965, as well as the fact that imports in the first quarter of 1964 were unusually depressed.

Payments' surplus

Yugoslav officials feel that they can keep this year's growth in imports to 10%, which would result in approximately the same payments surplus as last year. That surplus, amounting to about $39 million, was accomplished by enforcing stringent controls on imports, investments, and domestic inflation; it represents the first payments surplus for Yugoslavia since the war.

Because of the continuing high level of domestic demand, controls over foreign exchange must be maintained despite last year's devaluation. It is hoped that by next year the phasing out of the export-in-order-to-import contracts between Yugoslav Foreign Trade enterprises and the Bank for Foreign Trade can be begun. Until this happens, the effect of the tariff cuts (average cut 50%) made last October will not have great significance. The long-run significance to Yugoslavia's trading relationships of these tariff cuts and its accession to full membership in GATT will, however, be profound.

Since Yugoslavia's reform will emphasize increased productivity in order to maximize the impact of new investments, U.S. producers should find a market for modern, time-saving plant equipment. U.S. manufactured goods enjoy a good reputation in Yugoslavia. Good sales prospects exist also in equipment for the tourist industry—air conditioners; kitchen, restaurant, dry cleaning, and laundry equipment; telephone exchanges; elevators; and recreation and sporting equipment.

Not to be overlooked are opportunities in agricultural equipment, food processing and packaging, and the mining and metal processing industries—which are becoming more automated in both the extracting and processing stages.

The U.S. will participate again this year in the Zagreb International Trade Fair (Sept. 8-18) with a national exhibit.

Reform progresses

The reform seems to be progressing as expected. The final success of the reform measures can only be determined in the long run, however, and in the meantime, Yugoslavia faces a long period of economic readjustment and adaptation to new business methods. Sectors which received inadequate attention during the past few years (agriculture, mining, electric power, and transportation), now have top priority for development.

The developments taking place in this country have caught the attention of West European businessmen who are travelling to Yugoslavia in increasing numbers. The recent tour of the U.S. by the Trade Mission from Yugoslavia hopefully will stimulate U.S. interest in the Yugoslav market.

Far East sales gain slows

Imports from U.S. expected to set new highs, but sales growth is moderating

By ROBERT M. KLEIN
Deputy Director, Far Eastern Division, BIC

U.S. sales to the Far East this year should show further gains over the record performance of 1965, when overall shipments reached $4.3 billion and all-time highs were registered for two-thirds of the countries of the region.

The rise in total U.S. exports to the area, however, probably will not match the 8% increase for 1965, partly reflecting the fact that last year's jump in U.S. sales was inflated to some extent by a reclassification of certain U.S. trade data.

Some fall-off in this high rate of growth could also normally be expected because of the sharp upward trend in U.S. exports to the Far East in recent years, which had advanced by 18% in 1963 and another 11% in 1964.

Nevertheless, as an area which accounts for nearly one-sixth of total U.S. sales abroad, the Far East continues to offer a variety of new opportunities for American suppliers. For with only a few exceptions, the nations of the region are continuing to display steady economic progress as well as internal stability, and foreign exchange availabilities—as augmented by grant aid and loans—are generally adequate to finance essential foreign purchases.

Last year's sales gains were broadly dispersed, with higher purchases being made by Japan, Australia, Korea, Hong Kong, South Viet-Nam, Taiwan, New Zealand, Thailand, Malaysia, Singapore, and Laos. Reduced buying was evident only on the part of the Philippines, Indonesia, the Ryukyu Islands, and Cambodia.

Modest rise

U.S. Census data for the first five months of 1966 indicate that total U.S. exports to the Far East amounted to nearly $1.8 billion, a modest rise over the figure for the corresponding period of 1965.

Japan continues to be the dominant factor in the Far Eastern trade picture. Despite a pronounced business slowdown in Japan last year, U.S. exports to that country—which represent nearly one-half of our total Far Eastern sales—exceeded the $2 billion mark in 1965 for the first time. With recovery of the Japanese economy now underway, U.S. exports to Japan should register another significant gain this year, and for the first five months were running 7% ahead of last year's rate.

In contrast, U.S. sales to Australia, which had set the pace for U.S. exports in 1964 with a massive 40% rise followed by a 9% increase in 1965, are expected to recede from last year's record figure of $699 million. In line with the slower tempo of the Australian economy, U.S. exports so far this year are substantially below the 1965 level.

In the case of the Philippines, our third-ranking Far Eastern market, U.S. exports last year dropped from their 1964 peak. This was partly the result of another scheduled reduction in Philippine tariff preferences for U.S. goods, as well as the related drawing down of inventories built up in 1964 in anticipation of the higher duty rates. With depletion of these inventories, coupled with a new Philippine administration which has increased business optimism and is seeking to accelerate economic activity, U.S. sales may recover part of the ground lost last year.

Ample reserves

U.S. exports should exhibit further gains with respect to Hong Kong, Thailand, Malaysia, and Singapore, all of which generally have ample foreign exchange reserves.

Although New Zealand is experiencing balance of payments difficulties, U.S., sales to that country, which had spurted by 44% in 1965, are continuing to expand this year, with an 18% rise recorded for the initial five months of 1966.

Exports to Taiwan, however, where new U.S. aid was terminated a year ago, are substantially off the 1965 pace. Sales to Korea—in the face of intensified Japanese competition, new Japanese financial assistance, and a gradually scaled-down U.S. aid program—are also showing signs of curtailment.

As for Indonesia, U.S. trade prospects continue to be uncertain because of that country's extremely limited purchasing power and its inability to pay its international debts. Expanding sales to South Viet-Nam (as well as to Laos) will of course continue to be related to the aid programs, and trade with Cambodia will remain at minimal levels. Little change is apparent in the case of the Ryukyu Islands.

On the import side, the Far East continues its remarkable performance in the U.S. market. Last year U.S. purchases from the area rose by one-fourth to a total of over $4.1 billion. Although all but three countries shared in the enlarged U.S. import bill, Japan—which accounts for nearly 60% of our Far East purchases—showed the largest gain in value terms, and the relative rise was 37%.

Buying more, too

In the first five months of 1966, a further expansion of one-fourth over the comparable period of last year was recorded for total U.S. imports from the Far East. Every country but Cambodia showed advances, with purchases from Thailand more than tripling, imports from Korea almost doubling, and purchases from Japan up by 30%.

The major feature of this sharply upward trend is that, in addition to the traditional imports from the area, an increasingly varied range of manufactures is being produced and successfully marketed in the United States.

By the same token, the Far East represents, for the United States, a vast and diverse market, where the U.S. participation in supplying the requirements of the various countries ranges from high percentages in Japan, Korea, and the Philippines to relatively low figures for such countries as Malaysia, Hong Kong, and New Zealand.

In some cases, the reasons for our high market shares are gradually disappearing, while in other instances, where the shares are small, the traditional reasons are often still present. Thus, in both situations, renewed and specifically tailored selling efforts are required on the part of U.S. suppliers.

To supplement and assist these efforts, the Commerce Department is utilizing a variety of promotional vehicles aimed at probing, developing, and expanding the U.S. role in Far Eastern markets. These include trade missions, participation in international trade fairs, solo exhibitions, continuing shows at the U.S. Trade Centers in Tokyo and Bangkok, and stepped-up activity by the Sample Display Center which opened in Manila early last year.

Australia

Momentum in economic growth may be slowing down; total imports to decline

By DEANE M. BLACK
Far Eastern Division, BIC

Australia's Imports, 1965

Total imports	$3,373 million
From U.S.	$ 796 million
U.S. share	24%

Australia's Exports, 1965

Total exports	$3,008 million
To U.S.	$ 325 million
U.S. share	11%

Australia's chief imports from the U.S.:
Automobiles, tractors, aircraft, metal-working machinery, textiles, plastics, mining machinery, radio and TV apparatus, tobacco.

Australia's chief exports to the U.S.:
Beef and mutton, raw wool metals and ores, frozen lobsters, casein, hides and skins.

U.S. exports to Australia this year may not reach the level of $699 million recorded for 1965 when they increased 9% over 1964; shipments for the first four months of 1966 have already dropped nearly 7% below those for the same period of 1965.

Concurrently, Australia's total import bill is falling and the economy may have lost some of the momentum in growth experienced in the last several years.

Overall, imports have been declining since an all-time high was reached in the September quarter of fiscal year 1966 (July 1965-June 1966), and exports are expected to continue at approximately the same level as in the fiscal year just ended. Notwithstanding 20 consecutive months of adverse trade balances, Australia's foreign exchange reserves rose slightly to $1.4 billion at the end of March due to an unusually high level of capital inflow during the preceding months.

Internally, the economy has been sluggish. GNP increased by 4.6% in the December 1965 quarter but sharp price rises largely negated any increase in real product; estimates indicate that the rise for 1966 over the previous fiscal year may have only been about 3% in real terms. Consumer demand and retail sales have continued to lag. Automotive sales and home construction, the two principal soft spots in the domestic economy at the end of 1965, remain depressed but both showed some signs of recovery in the March quarter. An encouraging sign was an easing in the labor shortage with unemployment declining to 1.3% of the work force at the end of March. Inflationary pressures have lessened somewhat, with consumer prices remaining virtually static during the early months of the year.

In calendar 1965, Australia's GNP at current prices increased by 7.5% to $22.5 billion compared with a 9.1% rise in 1964. Although the drought caused a perceptible decline in farm production and the output of Australia's manufacturing industry leveled off, substantial impetus to the economy's growth was provided by large Government expenditures on defense and education, and by private fixed investment in mining following recent discoveries of iron, bauxite, and natural gas.

Business confidence remains high although there have been some pressures for Government measures to speed up the economic tempo. Of particular interest currently is the outcome of the basic wage case in which the Government has recommended a "moderate" wage increase in contrast to its opposition to any increase in 1965.

Australia's balance of payments position and outlook remain generally favorable due to a recent steady decline in imports and fairly stable export earnings. However, in the first nine months of fiscal 1966, imports totaled $2,529 million, a 6% increase over the corresponding period of fiscal 1965 while exports were valued at $2,227 million, a rise of about 2% over the same period.

Capital inflow helps

Although the resulting trade deficit of $302 million was significantly larger than the $195 million recorded for the first nine months of fiscal 1965, net apparent capital inflow of $708 million was almost double the figure recorded for the comparable period of the previous fiscal year. The decline in foreign exchange reserves is not expected to be as marked as anticipated. Because of the high level of capital inflow, reserves rose slightly in the March quarter to $1.4 billion, a little over five months' imports on the fiscal 1965 basis.

The long-term outlook is good for a steady increase in export income, particularly because of recent minerals developments. By 1970, it is estimated that annual export earnings from minerals alone will amount to above $600 million, more than double the current value.

Imports from the U.S. for the first nine months of fiscal 1966 were valued at $618 million, an increase of 12.6% over the comparable period of fiscal 1965. As a result, the U.S. share of the market increased from 23% to 24.4% although the figure was inflated by delivery of the $44 million U.S.-built destroyer HMAS Perth during March. The United Kingdom's share of the Australian market dropped from 26.8% to 25.6%, while Japan's share rose from 8.8% to 9.6% in the same period.

Product categories traditionally shipped to Australia still appear to offer the best opportunities for U.S. exporters in that market, although there may be increasingly expanded opportunities in equipment for the mining and construction industries as a result of the large exploration and development projects in iron ore, bauxite, petroleum, and natural gas. Other categories offering good sales possibilities are electrical machinery and equipment, transport equipment, plastics, chemicals, and precision instruments.

Apparently, the balance of payments measures of the U.S. and Britain (the source of 90% of Australian overseas capital) have had little effect on foreign investment there as private overseas capital flows into the country at a record rate.

The further tightening of Britain's balance of payments measures announced in its new budget will almost certainly result in some cutback in new British investment, and may also provide impetus for a fresh Australian look at measures designed to attract overseas capital from sources other than Britain and the U.S. Among these would be agreements to prevent double taxation, which at present Australia has only with Britain, the U.S., Canada and New Zealand.

Hong Kong

Industries at modernization crossroads, but imports are likely to keep on rising

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Hong Kong's Imports, 1965

Total imports	$1,569 million
From U.S.	$ 174 million
U.S. share	11%

Hong Kong's Exports, 1965

Total exports	$1,143 million
To U.S.	$ 316 million
U.S. share	28%

Hong Kong's chief imports from the U.S.:
Cotton, cigarettes and tobacco, unset diamonds, plastic materials, pharmaceuticals, air conditioners, fruits.

Hong Kong's chief exports to the U.S.:
Cotton fabrics, clothing, transistor radios, plastic flowers and toys, rattan articles, wigs.

Hong Kong's total imports should continue to grow in 1966, but at a less spectacular pace than previously. So far this year, imports from the U.S. have grown faster than total imports, offering hope that the U.S. may pick up a percentage point or two in its share of the market.

As noted in a June 13 INTERNATIONAL COMMERCE article by the Commercial Officer at the U.S. Consulate General in Hong Kong, the economy remains sound and industry continues to expand, although 1965 was a problem year for Hong Kong.

However, the boom period may now be over. The bank runs of April 1965 and the night riots of April 1966, the latter being ignited by a two-cent rise in cross-harbor ferry rates, could be indications that a period of change is coming to Hong Kong.

Since the end of the Korean War, the Colony has developed its economy on the basis of low-cost labor. Industries such as textiles and plastic flowers have grown up at a tremendous rate. Outside capital has flowed into Hong Kong and, through speculation, has driven real estate values sky high. This prosperity has easily provided jobs for the growing local population and the continuing influx of refugees.

There are now other countries in the Far East, however, which can produce these same products more cheaply, and Hong Kong has reached what has been termed the crossroads of productivity.

Many Hong Kong business and government officials realize that the Colony must now re-adjust itself, and are emphasizing modernization, increased productivity, and diversification.

One characteristic of Hong Kong's economy, however, is its bandwagon-type of industrial growth, as evidenced by the recent phenomenal rise of the electronics industry. If modernization and diversification come too rapidly to Hong Kong, and if industrialists suddenly all jump on the modernization bandwagon, then there could result even more serious problems, particularly if new machinery inputs temporarily displace workers.

If modernization does bring its accompanying problems to Hong Kong, there may be a more rapid movement away from the traditional laissez-faire economic policy of the government. Such a movement appears to have already begun in the banking sector, where last year reserve and other requirements were imposed along with a central banking authority to administer them.

Exploratory government probes into the field of export insurance are further indications of this movement.

These developments are by no means certain, but they are possible and bear watching over the next several years. Hong Kong is noted for its ability to solve its problems, however, and the general outlook continues to be for a steady though more moderate rate of economic growth.

Hong Kong's total imports in 1965 reached $1.6 billion, 5% above the 1964 level. Imports from the United States did not match this rate of growth, however, making only a 2% gain to $174 million. Thus the U.S. share of the market fell from 11.5% to 11%.

Total imports for the first quarter of 1966 remained at about the first quarter 1965 level, while imports from the U.S. increased by 4% to $41 million. This rate of increase should pick up as the year progresses, and total 1966 imports from the U.S. could reach $190 million or more.

Decrease in chemicals

The decrease in imports of polyethylene moulding and extrusion compounds continues, with total imports for the first quarter of 1966 nearly 30% below the first quarter 1965 level. Imports from the U.S. for this same period have fallen by more than 60% to $620,000, while imports from Japan, despite the overall decrease in sales, jumped by nearly 150% to $2 million.

While total imports from the United States grew by only 2% last year, there were a number of specific items in which U.S. sales more than doubled their 1964 showing, and these should continue to offer excellent opportunities at least through this year. These items include steel scrap, up 7000%; construction machinery n.e.s., up 3200%; television receiver parts, up 523%; electrical parts for machinery n.e.s., up 432%; milk-based infant and invalid food, up 214%; unvulcanized rubber, up 175%; antibiotics, up 120%; and ceramic sinks and washbasins up 117%.

Other significant gains were made in the sale of unset diamonds, pharmaceuticals, air conditioners, vitamins, refrigerators, and parts for construction machinery.

To take advantage of Hong Kong's need for modern industrial machinery, the U.S. Department of Commerce plans to stage an exhibition of light industrial equipment in Hong Kong from October 31 to November 11. Featured will be 30-35 U.S. firms displaying machinery in the fields of assembly and production equipment, packaging equipment, and measuring, testing, and quality control equipment. Interest in the exhibition on the part of U.S. business is running quite high.

One further indication of the changes now coming to Hong Kong is the rise in the income tax rate from 12½% to 15%, the first such increase in 16 years. It came as a result of the Hong Kong Government's $24 million budget deficit last year.

This deficit, only the second one since World War II, reflected a 23% increase in expenditures.

Indonesia

Limited buying power, inability to settle international debts dampen trade prospects

By M. VIRGINIA WEBBERT
Far Eastern Division, BIC

U.S. exports to Indonesia

January-December 1965 $ 42 million

U.S. imports from Indonesia

January-December 1965 $165 million

Indonesia's chief imports from the U.S.:
Machinery, aircraft, motor vehicles, lubricating oils, chemicals, books, metal manufactures.

Indonesia's chief exports to the U.S.:
Crude rubber, crude petroleum, spices, coffee, tea.

U.S. trade prospects in Indonesia are uncertain because of the country's extremely limited purchasing power and present inability to pay international debts.

While U.S. exports in 1966 will probably be above the low 1965 level because of emergency U.S. aid in agricultural commodities, the extent to which trade opportunities will increase depends on the leniency of Indonesia's creditors in rescheduling its debt and the amount of foreign aid the Government can secure.

The military and economic debt amounted to around $2.4 billion at the end of 1965. Its foreign exchange reserves are virtually gone. Some $530 million is needed to meet foreign debt payments due in 1966, or more than total anticipated foreign exchange receipts.

Indonesia has been discussing its need for aid and debt relief with its creditors who have responded with emergency assistance. The U.S. is selling Indonesia for dollars, under Public Law 480, rice ($9 million) and raw cotton ($10.5 million) for delivery in 1966. Japan has extended a $30 million loan for urgently needed commodities, and the United Kingdom $2.8 million for rice and textiles. Reinstating a previous commitment, West Germany will supply $7.5 million in credit guarantees and India has offered $21 million. Substantial sums have also been granted by numerous foreign nations to aid recent flood victims.

With Indonesia's concurrence, Japan is taking the lead in arranging an international meeting of creditors to discuss rescheduling the debts on a multilateral basis. Decisions by foreign governments on more extensive assistance will probably await the outcome of this meeting, and will depend on various economic and political developments. To make sizable inputs of foreign aid effective, Indonesia must curb its spending and adopt numerous economic reforms. In recent years, budget deficits amounted to 50% of expenditures and were met by printing additional currency. Money supply rose by nearly five times in 1965 and doubled again during the first quarter of 1966.

Imports in 1966 will be substantially below the 1964 level of $620 million and the somewhat higher level of 1965, since these were financed to a large extent through deferred payments. Except for imports with recent new credits, which will be tapped quickly for emergency supplies, Indonesia must now pay cash. Export earnings are running considerably below the 1965 level because of a substantial drop in non-oil exports, although petroleum exports are reported to be holding up well.

Essential imports

Imports of essential commodities are being made through the allocation of official foreign exchange at the rate of Rp. 10 (new rupiah) per U.S. dollar and through export bonus foreign exchange. The latter can be used by exporters to import for themselves or for others, on an indent basis. In May, bonuses were increased to strengthen export incentives. A bonus of 20% of foreign exchange earnings, based on the export check price, is now being granted for Group I commodities, the major exports; 50% for Group II, comprising most other exports; and 100% for Group III, a limited group of goods not ordinarily produced for export. The value of export bonuses was estimated at Rp. 75 per U.S. dollar on June 9.

Imports of less essential commodities can be made at substantially higher prices with complementary foreign exchange (DPA) accruing from exchange obtained by the exporter in excess of the export check price. This was selling for Rp. 115 per U.S. dollar on June 9.

U.S. exports declined to an all-time low of $41.5 million in 1965 because of curtailment of economic aid programs, reduced ability to pay, and unwillingness of U.S. Government agencies and private firms to extend credit.

By contrast, Japan, West Germany, and Netherlands all increased their exports in 1965 through support of export insurance, credits. Japan took greater risks which resulted in sizeable defaults. In 1965 Japan's exports to Indonesia totaled $204.7 million; West Germany's $56.6 million; and Netherland's (which is most rapidly expanding its Indonesian market) $32.6 million.

U.S. exports continued low in the first part of 1966, with January-April exports totaling $10.8 million. Major exports in 1965 included machinery ($15 million); motor vehicles and aircraft ($10 million); manufactured goods ($8 million); chemicals $4 million), and petroleum products ($3 million). Transportation equipment, spare parts for industries, iron and steel products, chemicals and fertilizers would appear to offer the best sales opportunities in 1966.

U.S. imports from Indonesia of $165.3 million in 1965 approximated the 1964 level and consisted mainly of crude rubber ($78 million)—for which Indonesia was the largest single U.S. supplier—crude petroleum ($44 million), spices ($16 million); and coffee ($14 million). The level has been somewhat higher so far in 1966.

Outlook is better

Developments since the attempted coup of Sept. 30, 1965, appear encouraging for U.S. business and may improve the long-term outlook for U.S. trade and investment. Indonesia has broken its ties with Peking, is trying to settle the Malaysian dispute, and plans to rejoin the United Nations, the International Monetary Fund and the International Bank for Reconstruction and Development (World Bank).

The Government is taking a more realistic approach to its economic problems and states it will review its foreign investment policy, in order to attract foreign capital, and will give more leeway to private enterprise. It has agreed to compensate U.S. rubber companies for their seized investments, is working out new terms of operation for U.S. oil companies, operating in Indonesia, and has ended the U.S. film boycott.

Japan

U.S. had second postwar trade deficit with Japan in '65; sales still set record

By RAYMOND W. EISELT

Far Eastern Division, BIC

Japan's Imports, 1965

Total imports	$8,170 million
From U.S.	$2,366 million
U.S. share	29%

Japan's Exports, 1965

Total exports	$8,452 million
To U.S.	$2,510 million
U.S. share	30%

Japan's chief imports from the U.S.:
Industrial machinery, soybeans, corn, cotton, wheat, aircraft, coal, ferrous scrap, grain sorghums, and wood in the rough.

Japan's chief exports to the U.S.:
Iron and steel, radios and TV, clothing, motorcycles, fabrics, musical instruments and sound equipment, scientific apparatus, toys and sporting goods, electrical machinery, nails and screws, footwear, plywood.

Despite a business slowdown in Japan last year, U.S. sales to that country exceeded the $2 billion mark for the first time. With recovery of the Japanese economy now underway, U.S. exports to Japan should register another significant gain this year.

For the first time since 1959 and only the second time in the postwar period, the U.S. had an import surplus in its trade with Japan in 1965, amounting to more than a third of a billion dollars. U.S. Census statistics—somewhat inflated on the export side due to a reclassification of certain trade data—show that 1965 U.S. exports to Japan (f.o.b.) were valued at $2,057 million, nearly 8% above the 1964 total (Japanese import data in the accompanying table are on a c.i.f. basis and thus indicate a higher figure).

More impressive, however, was Japan's performance in the U.S. market. U.S. purchases of Japanese goods last year rose to $2,414 million, a sharp 37% jump over the figure for 1964.

The shift in the trade balance last year largely reflects what was, for Japan, an economic recession. The real increase in GNP for Japanese fiscal year 1965 which ended on March 31 was less than 3%, in contrast to 11% the previous year and an average annual growth of 10% over the past decade.

On the one hand, falling investment and a production slowdown had reduced the requirements for imported raw materials and capital equipment. On the other hand, curtailed domestic demand and high inventories led to determined and successful efforts by Japan to increase its exports.

Thus, Japan's overall exports in calendar 1965 expanded by 27% while total imports were up by only 3%. The Japanese Government's Economic Planning Agency estimates that for fiscal 1966, Japan's exports will rise by almost 11% and imports by 9.5% over fiscal 1965. Other Japanese sources are even more bullish with respect to exports, predicting a 20% increase for the current fiscal year.

Japan's favorable trade picture is complemented by signs of improving economic conditions at home. The previous slowdown in economic growth had been deliberately induced by governmental monetary measures initiated in late 1963 to resolve a difficult balance of payments problem which in itself was a reflection of earlier rapid economic growth.

The Economic Planning Agency anticipates that GNP for fiscal 1966 may reach $86 billion, for an increase in real terms of 7.5%. The recovery in the growth rate will be especially stimulated by Government expenditures, with priority being given to public works projects such as roads and houses.

Various economic indicators for the January-March quarter confirm the improved economic situation which had become apparent during the late months of 1965. Improvement was particularly evident in the fields of non-ferrous metals, chemicals, petroleum, coal products, and electronics, with production increases especially marked in producers' goods and consumer durables.

Still higher levels

The trade outlook is for continued high and increasing trade between the United States and Japan. Japan will retain its position as the second largest foreign market for American products, and the United States will remain Japan's most important trading partner.

For the first five months of 1966, U.S. exports to Japan totaled $897 million, up 7% over the comparable period of last year, but imports from Japan increased more dramatically, by 30%. On the U.S. export side, significant gains were noted for soybeans, sorghums, and wood pulp, among non-industrial goods, and aircraft and scientific and optical instruments were strong among manufactured goods.

Food and raw materials will continue to compose the largest part of U.S. exports to Japan for the foreseeable future. Nevertheless, consumer products will account for an increasingly significant share of these exports.

Machinery and other capital equipment will remain a major export item, although competition from third countries and increasingly sophisticated Japanese production may limit the growth of these exports.

Exhibitions planned

In order to capitalize on this large and diverse market, the U.S. Trade Center in Tokyo is continuing its specialized exhibits. Scheduled for the remainder of this year are: equipment for the aviation industry (September); production equipment for the electronics industry (October); and self service and supermarket equipment (November).

The Trade Center will also continue to offer its centrally-located quarters for exhibitions by individual U.S. firms.

The Department of Commerce will again mount an exhibit at the Tokyo International Trade Fair in April, with the product themes to be drawn from a variety of industrial equipment possibilities.

In the investment area, foreign investors—including U.S. firms—have continued to encounter difficulties in their efforts to make new equity investments in Japan, expand existing operations, and negotiate or renew licensing agreements.

However, during the course of the Fifth Meeting of the cabinet-level Joint U.S.-Japan Committee on Trade and Economic Affairs, which was held in Kyoto July 5-7, the Japanese Government indicated its intention to liberalize some investment procedures (see story, page 62).

Korea

U.S. share of growing market falls as Japanese competition increases

By NORMAN D. GLICK
Far Eastern Division, BIC

Korean Imports, 1965

Total imports	$450 million
From U.S.	$182 million
U.S. share	40%

Korean Exports, 1965

Total exports	$175 million
To U.S.	$ 62 million
U.S. share	35%

Korea's chief imports from the U.S.:
Wheat and flour, raw cotton, phosphatic fertilizers, wood pulp, iron and steel scrap, animal oils and fats, machinery and equipment, chemicals.

Korea's chief exports to the U.S.:
Plywood, clothing, raw silk, rubber footwear, cotton and wool textiles, human hair, fish and shrimp.

Korea's overall imports are expected to increase in 1966, but the U.S. may not be able to maintain its share of that growing market.

The predicted rise in imports will be largely due to increased industrial activity and its resultant demand for capital equipment and raw materials, growing foreign exchange earnings, further relaxation of import restrictions, and continuing financial aid from the U.S. and other countries.

Japan is our chief competitor in Korea. The Japanese businessmen's familiarity with this nearby market gives them a competitive advantage over their American counterparts. The recent normalization of Korean-Japanese diplomatic relations, and conclusion of a claims settlement agreement will increase Japan's competitive advantage in the Korean market.

Korea's gross national product (GNP) has been expanding at a substantial pace for the past several years. The 1965 GNP —valued at about $2.9 billion (270 won = U.S. $1)—was up by 8% in real terms over the preceding year, and the real annual growth rate for both 1963 and 1964 was 9%. The increase for 1966 is expected to approximate the rise for last year.

Production up

More significantly, manufacturing production was up 20% in 1965. Extensive contracts to supply goods to Viet-Nam and strong domestic demand contributed to this increased production, and the Korean business community appears confident that the economy will continue moving forward.

Although the Government's financial stabilization program has shown some results in curbing inflation, wholesale prices for 1965 rose 7% over the 1964 level while consumer prices in Seoul rose 14%.

As did the 1965 program, the 1966 stabilization program calls for emphasis on increasing domestic revenue, improving the tax structure and administration, controlling new budgetary commitments, increasing reliance on indirect monetary controls, and launching a comprehensive savings program.

The first five-year economic plan will end in 1966, and it appears that most of the goals will have been reached or exceeded.

Korea's exports in 1965 exceeded the goal set by the Government's Economic Planning Board, and the gap between exports and imports continues to narrow.

However, with a negative trade balance of $275 million in 1965 the ratio of imports to exports was still 2.5 to 1. The deficit was met largely by U.S. grants and loans and sales of goods and services to the UN/U.S. Forces in Korea.

Korea had the best export year in its history in 1965.

Exports amounted to $175 million, a 47% increase over 1964; the export target for 1966 is $250 million.

Manufactured and processed goods, consisting mainly of plywood, metal products, textiles, and other consumer goods accounted for 63% of the exports in 1965, compared with 53% in 1964.

The U.S. displaced Japan as Korea's largest customer, taking 35% of total exports.

Korea's imports in 1965 were $450 million and are expected to reach $520 million in 1966. Although the U.S. is still Korea's major supplier, with 41% of the total import market in 1965, this is principally based on a 91% share of the AID-financed imports which account for about one-third of the overall market. The 41% share also represents a steep drop from 50% the previous year.

In the competitive area of imports financed with the Korean Government's foreign exchange (KFX), the U.S. share last year was only 12%, a significant fall from 21% in 1964.

In absolute terms, U.S. exports to Korea last year (U.S. Census Bureau data) were valued at $203 million, up only fractionally over 1964, and so far this year U.S. sales are running considerably below last year's level. Major items were raw cotton, wheat, fertilizer, iron and steel scrap, and manufactured specialties.

Despite intense Japanese competition and the long-run declining trend in U.S. aid, there are a number of new opportunities for U.S. firms to do business in Korea.

The construction and expansion of oil refineries, fertilizer plants, and chemical plants will all require more sophisticated machinery and control equipment. Demand for heating and air conditioning equipment and other products whose imports are at present still restricted is expected to increase rapidly.

Construction requirements

Government construction programs will require bulldozers and other heavy equipment; and several new AID loan agreements will emphasize replacement machinery, spare parts, and equipment from the U.S.

A significant channel for long-term generation of exports is through investment. Korea has a favorable investment climate, an abundant supply of trainable labor, and growing managerial capacity. U.S. firms are consequently taking increased interest in the opportunities for direct investment in the country.

The Korean Government approved 11 joint ventures in 1965—eight involving U.S. firms for a total investment of $21.3 million. This was more than double the number approved during the previous year. Existing investments involve the fields of chemicals, electronics, clothing, and synthetic fibers.

Malaysia

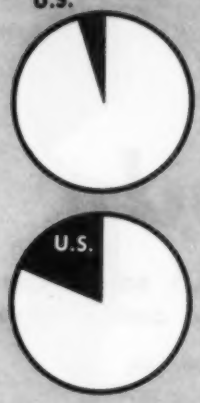
Economy thrives despite Singapore break; new plan should create trade openings

By LOUISE H. HILLSON
Far Eastern Division, BIC

United States exports to Malaysia and share of the Malaysian market continued to rise in 1965, and further expansion is expected in 1966.

Malaysia has continued to make substantial economic progress despite the problems created by the withdrawal of Singapore last August. The virtual ending of the nearly three-year old Indonesian "confrontation" should make Malaysia an even more attractive area for trade and investment.

During 1965, production of primary products, particularly the main export earners—rubber and tin—increased; a number of new industries were established; trade continued to rise, and the balance of payments deficit of recent years was transformed into a small surplus.



Malaysian Imports, Jan.-Nov. 1965*

Total imports	$776 million
From U.S.	$ 42 million
U.S. share	5%

Malaysian Exports, Jan.-Nov. 1965*

Total exports	$927 million
To U.S.	$175 million
U.S. share	19%

*Malaya only.

Malaysia's chief imports from the U.S.:
Machinery, tractors and parts, tobacco and manufactures, chemicals and pharmaceuticals, petroleum products.

Malaysia's chief exports to the U.S.:
Tin, rubber.

The gross national product rose to $2.9 billion, having increased by over 6% a year in real terms between 1960 and 1965. Prices, particularly in Malaya, have remained generally stable in recent years.

The Malaysian per capita income of $303 per annum, one of the highest in the area, has also been rising, but at a slower pace due to the 3% annual population growth rate. Business confidence has been high, although the separation of Singapore undoubtedly caused hesitation among some potential investors.

The Malaysian Government has embarked on its First Malaysia Plan (1966-70), which involves a total development outlay of $3.4 billion in both the public and private sectors. Public sector expenditures are estimated at $1.5 billion, an increase of 46% over the amount estimated to have been spent in 1961-65.

Projects scheduled to be undertaken under the new Plan involve land settlement and irrigation, road building, low-cost housing, and accelerated industrialization—all offering opportunities to enterprising American exporters and investors.

Current trade figures are available only for Malaya, the principal Malaysian trading area, and include Malayan trade with Singapore. Malaysian figures in the accompanying table have been adjusted to take into account Malayan exports to the U.S. through Singapore.

Malayan exports rose to $1,014 million during 1965, compared to $908.8 million in 1964, an increase of 12%. Imports rose by 3% from $824 million in 1964 to $852 million in 1965. Singapore was Malaya's most important trading partner, taking 21% of its exports (much of which are reexported) and supplying 11% of its imports.

The United States was, after Singapore, the major buyer of Malayan goods, with exports to the U.S. totaling $179 million, or 17.7% of the total, compared to $133 million in 1964. These exports were almost entirely of tin and crude rubber.

Market share rises

Imports from the United States rose to $46 million from $43 million, and the U.S. share of the Malayan market rose slightly to 5.4%. The U.S. was the sixth largest supplier, following the United Kingdom, Japan, Thailand, Singapore, Australia, and Mainland China, and just ahead of West Germany.

During the first four months of 1966, United States exports to Malaysia (U.S. Bureau of the Census figures) were $14.5 million. Various types of machinery make up the largest group of Malaysian imports from the U.S., followed by tractors and parts. Tobacco and cigarettes are also leading imports from the U.S., as are chemicals and pharmaceuticals, petroleum products, and paper and paperboard.

There are many opportunities for U.S. suppliers of both capital and consumer goods to increase their sales in Malaysia. However, the development of import-substitute industries, some of which may receive new or increased tariff protection from the Malaysian Government, may curtail U.S. sales of certain categories of goods.

However, Malaysian tariffs are generally very moderate, and there are few quantitative restrictions.

The Malaysian demand for capital goods, a field in which U.S. suppliers are most competitive and best established, is expected to rise, particularly as the various Malaysia Plan projects are implemented. Opportunities should be especially good for sales of factory machinery and equipment, construction and excavation machinery, tractors, and building materials.

The Malaysian Government recently announced some changes in its calling for international tenders. Certain foreign embassies in Malaysia (including the American Embassy) will be supplied with a copy of all tenders; and international tenders will be called for on a c.i.f. basis.

The Government may also extend the period in which bids can be made. This should assist U.S. suppliers in competing more effectively against long-entrenched British suppliers, but Americans will still face strong competition from Japanese, West European, and Australian exporters.

More personal attention to the Malaysian market, recruitment and support of competent distributors, and provision of favorable export credit terms can help U.S. businessmen find increased sales in Malaysia.

The U.S. Department of Commerce Trade Mission which visited Malaysia and Singapore in the fall of 1965 served to increase Malaysian interest in U.S. products and also helped to enlighten Americans about the many business opportunities in Malaysia.

The Malaysian Government continues to encourage foreign investment in local industries.

New Zealand

Continued increase in U.S. sales expected despite country's goal to curtail imports

By JOHN N. RANDOLPH, Jr.
Far Eastern Division, BIC

New Zealand's Imports, 1965

Total imports	$968 million
From U.S.	$118 million
U.S. share	12%

New Zealand's Exports, 1965

Total exports	$991 million
To U.S.	$124 million
U.S. share	13%

New Zealand's chief imports from the U.S.: Machinery and transport equipment, textiles, chemicals, crude fertilizers, plastics.

New Zealand's chief exports to the U.S.: Meat, wool, hides and skins, dairy products, casein.

New Zealand's market for U.S. exports should continue to expand in the coming months. Import payments to the U.S. in January and February 1966 were almost 6% higher than during the same period in 1965, and indications are that the increasingly favorable performance of U.S. exporters to this growing market should continue.

Total exports of New Zealand goods from July 1965 to February 1966 were 2% higher than for the same period a year ago and export earnings for 1966 are expected to increase, if wool prices firm and meat exports increase as forecast. On the other hand, the Government is attempting to curb imports by reducing licensing quotas and by internal monetary measures designed to dampen demand.

In recent years, imports have increased to such an extent that its favorable balance of trade continually narrowed and had dropped to $23 million by 1965. This decline coupled with other current payments produced a total balance of payments deficit of nearly $140 million in 1965, and the Government has been forced to borrow to finance this deficit.

New Zealand had liberalized its 1965-66 import licensing schedule and imports unrestricted by licensing now account for approximately one-third of total imports. However, the 1966-67 import licensing schedule which became effective July 1 has been designed to reduce imports by $80 million, although items previously exempt from licensing will continue to be exempt.

New Zealand depends on wool, meat, and dairy products for 90% of its export income. From 1962 to 1964, export earnings rose 25%, stimulating rapid internal industrialization. Government policies are designed to encourage this development, as New Zealand welcomes any industry which will diversify its economy, increase its exports, or produce goods which will substitute for imports.

To satisfy demands of industrialization, imports of capital equipment, chemicals and raw materials have risen 20% in the last three years. U.S. exporters have been alert to this trend. The U.S. share of the market has increased steadily from 8.9% in 1962 to 12% in 1965 as the total volume of New Zealand's imports from the U.S. doubled. U.S. exports (U.S. Census data) rose from $87 million in 1964 to $126 million in 1965. This substantial gain was accomplished by increased sales of U.S. machinery and transport equipment ($68 million in 1965), which included aircraft and parts valued at $26 million. The U.S. also supplied $17 million in various manufactured goods (about 40% of which were textiles), and $14 million in chemicals (including fertilizers).

Rapid economic expansion

The economy has been expanding rapidly since 1962. Since that time, the Gross National Product has risen by an average of 8% per year or about 5% in real terms. The GNP for 1965 expanded to $5 billion and was marked by a more rapid acceleration in import payments than in export earnings.

Excess demand in the economy is aggravated by a chronic labor shortage. Less than one-tenth of 1% of the labor force is unemployed and there were 8,000 job vacancies in 1965.

The Government has implemented some monetary measures to curb demand; however, it has avoided increasing taxes or lowering Government expenditures, as many economic observers have advised.

A rise in exports is forecast for 1966, although total exports in 1965 were $65 million less than in 1964. Exports declined in all of New Zealand's major markets, except Japan and West Germany. 1965 exports to the U.K. declined 7.5% and sales to the U.S., the second biggest market, declined 13.7%.

Total New Zealand imports for 1965 were $968 million or $78 million above the 1964 total. The market share of both the United Kingdom and Australia, New Zealand's largest suppliers, declined in 1965. The U.S. increased its share, as did Japan, Canada, West Germany and Netherlands.

The tightening of credit and the high levels of inventory are expected to act together with the licensing schedule to reduce imports for fiscal 1967. Reductions in import license quotas which have been announced include new cars, down 20%; raw materials, cut by 15%; and capital goods, reduced from 15 to 25%.

U.S. exports should increase again in 1966, despite reduced license allocations. Chemicals, especially crude fertilizers and sulfur; capital machinery; transport equipment (other than cars); and agricultural implements still offer best prospects for additional U.S. sales.

The British preferential tariff margins, which afford Commonwealth suppliers a lower tariff rate, are a barrier to U.S. exports. However, New Zealanders are aware of the quality of U.S. products and importers are receptive to U.S. goods, provided they can be imported at competitive prices. Although many Commonwealth suppliers recognize the advantage given by British preferential tariff margins and mark up exports accordingly, this practice can work to the advantage of U.S. exporters because the price of the imports plus insurance and freight are the only charges levied against the value of the importer's license quotas. Since there is no depletion of licenses due to tariff charges, many merchants feel that there is a higher profit to be realized from the quality appeal of U.S. products.

Philippines

New administration acts to bolster economy; business confidence, trade up

By MAURICE KOGON
Far Eastern Division, BIC

U.S. exports to the Philippines in 1966 should recover much of the ground lost in 1965 and could approach 1964's peak level of $361 million.

Decisive administrative action to spur economic growth has sharply boosted business morale, and the economy appears to be gaining momentum. The revitalized business climate should generate increased import requirements in 1966. Competition is much keener now, and U.S. suppliers will have to intensify sales promotion efforts in order to keep pace.

Philippine Imports, 1965

Total imports	$895 million
From U.S.	$312 million
U.S. share	35%

Philippine Exports, 1965

Total exports	$767 million
To U.S.	$349 million
U.S. share	45%

Philippines' chief imports from the U.S.:
Machinery, transport equipment, cereals, electrical equipment, textiles, metals and manufactures, raw cotton.

Philippines' chief exports to the U.S.:
Sugar, coconut products, cotton manufactures, plywood and veneers, abaca.

Serious economic problems faced the new administration when it took office in January. The budget was in deficit, smuggling rampant, key industries depressed, credit tight, public works projects aborted in mid stream, and farm output lagging behind demand. Terming his electoral victory a mandate for action, President Marcos instituted various credit relaxation measures, began an ambitious industrial refinancing program to bail out distressed industries, and is now considering a new Four Year Plan that would boost real Gross National Product growth from the present 3-5% to about 5-7% a year.

On the legislative front, the President won passage of a rice and corn subsidy bill, various anti-smuggling measures, a $530 million budget appropriation for fiscal 1967, and a bill authorizing him to secure $50 million in foreign loans for irrigation development. Other economic bills still pending would raise the ceiling on the government's domestic borrowing capacity from one billion to two billion pesos, and the ceiling on Government external borrowing from 200 million to 4 billion pesos (approximately U.S. $1 billion); and would transfer to the public sector all the $337 million remaining in the Japanese reparations account.

While the full impact of the Marcos economic initiative cannot yet be measured, much progress is already evident. The peso has been stabilized, foreign exchange reserves have increased by $60 million since January, currency in circulation rose by 45 million pesos ($11.5 million), production in some key industries is well up over last year, smuggling has been reduced and more revenue collected, and businessmen generally are much more optimistic about the future.

On balance, prospects for expanded foreign trade are good. With credit eased and more foreign exchange available, Philippine exports in the first quarter of 1966 rose by 22% and imports by 27% over first quarter 1965.

Last year was a difficult one for U.S. suppliers. While total Philippine imports (f.o.b.) increased by about 4% to $808 million (figures in box above are c.i.f.), imports from the U.S. fell by 12% to $273 million. The U.S. share of the market declined from 40% to 34%, its lowest point ever.

Several factors contributed to this poor performance. First, in accordance with the trade agreement between the two countries, the Philippine tariff preference for U.S. products declined, and U.S. goods were charged 90% of the full rates in 1965 as opposed to only 75% in 1964. Secondly, importers anticipated the reduced preference by stocking up on U.S. goods in 1964 so as to minimize purchases in 1965. Thirdly, competition from such countries as Japan and Germany became more keen as the U.S. margin of preference narrowed.

Heavier purchasing seen

The outlook for U.S. products in 1966 is better. In addition to the heavier overall purchasing expected this year, both U.S. suppliers and Philippine importers have had time to adjust to the higher tariff rates, and inventories built up in 1964 are about depleted. In first quarter 1966, imports from the U.S. rose 53% above first quarter 1965 to $71 million. The competitive factor remains and will be even more important this year, particularly as Philippine-Japanese commercial relations are normalized.

A major step in this latter direction was taken in May when President Marcos directed that Japanese citizens and corporations would henceforth be allowed to engage in normal trading activity within the Philippines. Previously, Japanese trade within the country was conducted through Filipino-run liaison offices for lack of formalized trade relations. Thus, a large influx of Japanese salesmen and trading companies could well materialize in 1966, with concomitant aggressive sales promotion and competition.

Product categories which offer good potential for increased U.S. sales this year include textile machinery, machine tools and metalworking machinery, farm machinery, mining and mineral treatment equipment, business machines, other machinery, internal combustion engines, switchgear, iron and steel tubes and fittings, insulated wire and cable, abrasives, washing preparations, medicaments, other chemicals, and cosmetics and toiletries.

No clear-cut policy on foreign investment has yet emerged under the new administration. While the need for foreign investment has been stressed by some, others more or less influential in the administration advocate policies which would discourage most U.S. and other foreign investors.

A foreign investment incentives bill—which might have clarified the fields in which foreign capital is welcome and the conditions under which investors might enter and remain with some sense of long run security—failed to get through the Congress. Lacking guidelines, some U.S. investors are looking elsewhere in the Far East for opportunities.

Singapore

New nation accelerates industrialization program; economic progress continues

By LOUISE H. HILLSON
Far Eastern Division, BIC

U.S. exports to the new nation of Singapore should continue to show a moderate but steady increase this year.

Despite its separation from Malaysia in August 1965, Singapore has continued to make impressive economic progress, offering many opportunities for increased U.S. trade and investment. The Singapore Gross National Product in 1964 was estimated at $890 million, and the per capita income of its close to two million people was $500, by far the highest in Southeast Asia. Between 1960 and 1964, real GNP grew by an average of 7% annually, although GNP rose by less than 2% in 1964, due to the loss of Indonesian trade. The growth rate in 1965 apparently was higher. Prices have remained generally stable. Singapore has accelerated its intensive industrialization drive begun in 1961, and emphasis is now being placed on the development of export-oriented industries.

An important factor in Singapore's economic future is its relations with Malaysia and Indonesia. The separation of Singapore from Malaysia undoubtedly had a deterrent effect on domestic and foreign investment in Singapore.

Common currency kept

However, the two countries have retained a common currency, are considering a double taxation agreement, and are cooperating in the field of aviation.

Singapore has now been recognized by Indonesia, and the possibility of a revival of the substantial Indonesian trade has increased business confidence in Singapore.

Singapore recently embarked on its Second Five Year Plan (1966-70) which has scheduled $498 million in total public sector capital expenditures, of which 64% will be for economic development and 32% for social development.

In 1965, total exports, including trade with Malaya, (figures in the box above exclude trade with Malaya) totaled $982 million, an increase of 8% over the $906 million in 1964. Total imports increased to $1,244 million, 9% over $1,137 million in 1964. Trade continued to rise during the first three months of 1966, as exports rose by 13% and imports by 10% over the comparable period in 1965.

1965 exports to the U.S. amounted to $41 million, a slight increase over the $38 million in 1964. Imports from the U.S. held constant at $63 million in 1965, though the U.S. share of the market declined slightly to 5.1%. The U.S. was Singapore's fifth largest supplier in that year, following Malaysia, Japan, United Kingdom and Mainland China.

During the first three months of 1966, imports from the U.S. rose 13% over the first three months of 1965 to $15 million. U.S. Bureau of the Census statistics show that in the first four months of this year, U.S. exports to Singapore were valued at $17 million. Main imports from the U.S. are various types of machinery, followed by tractors and parts, tobacco and cigarettes, chemicals and pharmaceuticals, and petroleum products.

U.S. suppliers have many opportunities to expand sales here. Consumer goods imports may be limited to some extent as more import-substitute industries are established in Singapore and as the Government continues to modify Singapore's free port status by imposing new tariffs and quantitative restrictions. However, most goods, particularly machinery and raw materials, are not subject to these controls.

Opportunities for sales of capital goods such as factory equipment, construction and excavation machinery, tractors and building materials should increase as Singapore carries out its programs of industrialization, urban renewal and public and private construction. Opportunities for expanded U.S. trade should be particularly favorable if and when full-scale trade with Indonesia is restored and U.S. goods are once again able to be re-exported from Singapore to Indonesia. U.S. businessmen might especially wish to consider the possibilities of stocking goods in Singapore, or establishing subsidiaries there, for shipment to South Viet-Nam under the U.S. offshore procurement program.

U.S. suppliers face strong competition from Japanese, British, Australian, and Western European exporters. Giving more personal attention to the Singapore market, recruiting and supporting competent agents or distributors, and offering favorable export credit terms should help U.S. businessmen in the Singapore market.

U.S. trade promotion

During 1965, a U.S. Department of Commerce Trade Mission visited Singapore and Malaysia and a number of U.S. firms participated in a Machine Tool Exhibition in Singapore. Mobile Trade Fairs, Inc., is scheduled to visit Singapore in late 1966. These programs, along with visits of U.S. state and private trade groups, should stimulate interest in U.S. projects and increase U.S. awareness of trade and investment opportunities in Singapore.

The Government actively encourages private foreign investment, and offers a substantial number of incentives, including special tax privileges for export industries. Despite problems created by the separation from Malaysia, a number of new foreign-owned and joint enterprises have gone into operation in Singapore.

Singapore now has an Investment Guaranty Agreement with the U.S. which covers losses from expropriation, inconvertibility, war risk and certain business failures.

Singapore's Imports, 1965*

Total imports	$955 million
From U.S.	$ 63 million
U.S. share	7%

Singapore's Exports, 1965*

Total exports	$675 million
To U.S.	$ 41 million
U.S. share	6%

* Excludes trade with Malaya

Singapore's chief imports from the U.S.:
Machinery, tractors and parts, tobacco and manufactures, chemicals and pharmaceuticals, petroleum products.

Singapore's chief exports to the U.S.:
Rubber, clothing and textiles, spices, ship and aircraft stores.

Taiwan

Imports are burgeoning, but aid cutoff has sharply reduced U.S. market share

By TADD A. LINSENMAYER
Far Eastern Division, BIC

Taiwan's total imports should expand further in 1966, but considerably less than the 30% gain made last year. The U.S. share of this market, however, should continue to fall.

Continued economic growth is creating an increasing need for imported industrial goods. At the same time, the U.S. aid phaseout has left important markets, once limited to American products, open to world competition. As a result the United States is rapidly losing its predominant position in Taiwan.

Taiwan is disproving earlier fears that once the U.S. aid program was terminated it would not be able to maintain its rapid pace of development. Sound planning, increased foreign investment, and a continuing flow of international loans and credits have proven this earlier prediction wrong. Indeed, 1965 was another outstanding year, with real GNP up by over 7%, agricultural production up 6%, and industrial production up 15%.

There have been some slight setbacks to this rate of growth in 1966. A severe drought in the early part of the year resulted in an electric power cutback which in turn forced a decrease in production in certain industries, particularly fertilizer and aluminum.

Typhoon damages crops

The drought was followed in late May by Taiwan's first typhoon of the year, and in early June by two weeks of steady rainfall. Damage to crops from these two natural disasters, and particularly to bananas, has been estimated by various authorities at anywhere from $12-30 million.

Despite these problems, Taiwan officials are still predicting a 7% rate of growth this year, barring further disasters.

The Taipei wholesale price index continued to decline through April, standing one point below the December level and nearly seven points below the 1964 average. Money supply in March was slightly below the December level and interest rates on both deposits and unsecured loans were reduced.

Most local businessmen and other observers remain confident that business conditions in Taiwan are good and that the economy will continue to prosper. American firms increasingly share this view, with such companies as Philco, National Distillers, Celanese, Eli Lilly, Esso, and Allied Chemical currently making or planning substantial investments.

Due to a tremendous increase in the level of imports, Taiwan once again experienced a trade deficit in 1965. It had enjoyed trade surpluses in both 1963 and 1964 for the first time in more than a decade. Last year, however, imports shot from $429 million in 1964 to $556 million.

Exports, on the other hand, only reached $450 million, compared to $434 million in 1964. Considering a $70 million drop in sugar exports, however, even this small gain is a remarkable achievement.

The United States supplied $171 million worth of goods to Taiwan, and thus held 31% of the market. This, however, was a far cry from the 45% market share which the U.S. held only two years earlier.

This sudden drop in the U.S. market share is attributable to the U.S. aid phaseout (new aid funds were terminated June 30, 1965). Such aid shipments are expected to decline by $20-25 million this year, reducing the U.S. market share to somewhat below 30% of a possible $600 million market.

This only intensifies the effect of the real U.S. problem in Taiwan, however, which is that some American manufacturers and exporters are either unwilling or unable to compete with Japanese suppliers. Far too many sales are lost through lack of knowledge of an opportunity, which is in turn the result of not having enough representatives in Taiwan or even in nearby Hong Kong, considered by many to be an excellent location for Far East regional representation.

Some areas which offer hope for increased U.S. sales include piston engines, printing and bookbinding machinery, air conditioning equipment, transistors and other electronic components, various chemical raw materials, office machinery and supplies, simple machine tools, food processing machinery, and medical and scientific equipment.

To take advantage of these growing sales opportunities, the U.S. Department of Commerce plans to stage an exhibition of American industrial equipment in Taiwan sometime in 1967.

Interest in such equipment on the part of Taiwan traders and manufacturers has already been demonstrated as a result of the success of a recent "Catalog Fair" staged by the U.S. Embassy in Taipei. This fair featured product catalogs from American manufacturers of food processing equipment, and resulted in over 1,300 requests for further information.

Emphasis on industry

This emphasis on industrial equipment is in line with Taiwan's current four-year economic development plan which calls for an average annual growth rate of 11% for industry and only a 4% rate of growth for agriculture through 1968.

Production targets call for increases of one-third or more in canned foods, and the doubling of production of frozen foods. Production of paper is to increase by nearly 75%, while plywood production is to rise by 10%.

Other fields in which significant expansion is planned include plastics, petrochemicals such as polyester, caprolactum, and methanol, rubber tires, glass products, cement, and aluminum manufactures.

Taiwan's Imports, 1965

Total imports	$556 million
From U.S.	$171 million
U.S. share	31%

Taiwan's Exports, 1965

Total exports	$450 million
To U.S.	$ 96 million
U.S. share	22%

Taiwan's chief imports from the U.S.:
Raw cotton, wheat, soybeans, steam and other engines, iron and steel scrap, synthetic resins, tobacco.

Taiwan's chief exports to the U.S.:
Clothing, canned pineapple and other fruits, canned mushrooms, sugar, plywood, plastic manufactures.

Thailand

American suppliers made marked increase in market share in '65

By RICHARD J. SMITH
Far Eastern Division, BIC

Thailand's Imports, 1965

Total imports	$730 million
From U.S.	$141 million
U.S. share	19%

Thailand's Exports, 1965

Total exports	$624 million
To U.S.	$ 41 million
U.S. share	6%

Thailand's chief imports from the U.S.:
Machinery, transport equipment, textiles and wastes, tobacco and manufactures, chemicals, pharmaceuticals.

Thailand's chief exports to the U.S.:
Tapioca and cassava, rubber, kapok, lac and tea.

Thailand's exports and imports have been steadily rising, and continuing expansion can be expected. The United States has been maintaining, and last year noticeably improved, its position in this growth market, and U.S. sales should also show further increases this year.

The strong showing by U.S. exports in Thailand reflects the fine performance of the rapidly developing Thai economy. A sustained and stable period of high growth has created an acute need for the kinds of products that America is well qualified to supply.

Extensive U.S. assistance programs are adding further stimulus to the economy and directly increasing import requirements for a wide variety of products. Thailand's international reserve position remains extremely strong as exports, led by rice and other agricultural products, hit record levels.

Recently revised data show that the gross national product (GNP) of Thailand has grown at an average annual rate of over 7% in real terms for the past 7 years, reaching $3.8 billion in 1965. The growth will probably be somewhat greater than 7% in 1966—with the boom likely to continue for some time thereafter.

Moreover, this high growth rate has been accompanied by relatively stable price levels (1.8% increase in the consumer index and 3% in the wholesale index, February 1965-February 1966), due in large part to the Thai Government's sound fiscal and monetary policies, and balanced, realistic development planning.

Thailand's Six-Year Economic Development Plan ends in September with all of its goals having been met and, in most cases, exceeded. A new plan for the period 1967-71 is being prepared. It will call for development expenditures of $2.5 billion, and will emphasize manpower training and development of basic economic facilities, including ambitious highway and harbor development programs.

Since population growth is about 3% annually, less than half that of GNP, the living standard of the Thai is steadily improving. While per capita GNP is still only $120 overall, the purchasing power of the two million residents in the booming metropolitan complex centered around Bangkok is many times that figure.

Private enterprise is playing a leading role in Thailand's economic development, and business confidence is running high.

After a number of years of just maintaining their share, American suppliers last year carved out a larger slice of the expanding Thai import market. The United States provided 19% of Thailand's imports, up from 16% in 1964.

U.S. exports to Thailand were valued at $107 million in 1965; the 1964 export total was $83 million. However, figures for the two years are not directly comparable, since the 1965 U.S. Census data included some special category items that were excluded in previous years.

U.S. slice widens

Sales by U.S. suppliers to Thailand continued to advance during the early months of 1966, with exports reaching $39 million for January through April. This represents an 8% increase over the 1965 monthly average, and the total for 1966 will probably be at least that much greater than the 1965 U.S. exports.

The increases in U.S. exports to Thailand were largely in machinery and transport equipment—basic requisites for economic development. The prospects for further expansion of U.S. exports appear most promising for mining and agricultural equipment, and construction machinery and materials of all kinds.

The outlook for air conditioning and refrigeration equipment is also excellent, and the market for office machinery and consumer goods is steadily improving.

Early this year, Thailand removed import restrictions on 29 products, including items of interest to the United States such as glass bottles and jars, galvanized iron sheets, crude oil, and tires weighing less than 15 pounds.

The remaining items not yet liberalized constitute a very small proportion of total trade.

The time is clearly propitious for American businessmen with an eye to the future to consider establishing a foothold in the burgeoning Thai market. American trade and investment is welcomed and encouraged. Investment incentives, including extended tax holidays and tariff protection, are available to investors in specified industries. The Thai baht is a hard currency, and traders and investors face none of the exchange restrictions that often hamper the free transfer of funds in less developed countries.

An all-risk U.S.-Thailand investment guarantee agreement came into force in December, and a new U.S.-Thai Treaty of Amity and Economic Relations was signed in Bangkok on May 29.

The U.S. Trade Center in Bangkok provides valuable services and facilities to Americans wanting to do business in Thailand. An average of six major shows are scheduled each fiscal year, and these are supplemented by a continuous Sample Products Display Service. In addition, the Trade Center facilities are used for "between-show promotions" sponsored by individual U.S. firms, trade associations and trade missions.

The Trade Center will be fully utilized, together with the U.S. exhibit at the First Asian International Fair in Bangkok in November and December, in order to give maximum exposure of U.S. products to potential customers from all of Asia.

Near East-South Asia

Resumption of aid expected to result in all-time import record this year

By HELEN D. GRAYSON
Near East-South Asia, BIC

The outlook for U.S. export sales to the 20 countries and numerous principalities of the Near East-South Asia area appears brighter than ever.

Although 1965 U.S. exports to the region dropped by 2.7% from the previous year's total of over $2.4 billion, the decline was largely attributable to the suspension of economic assistance to India and Pakistan due to the outbreak of hostilities last fall, as well as curtailment of aid to the United Arab Republic.

However, early 1966 figures indicate that this year's total will substantially exceed 1964's all-time high, and that the United States will retain its position as leading supplier to many of the countries.

While prospects and opportunities differ considerably from country to country, a number of favorable common developments have emerged to form the basis for optimism.

First, from January-April 1966 U.S. exports to the area attained a level of $817 million, reflecting an unusually high proportion of commercial sales. Resumed economic assistance to India and Pakistan in the remainder of the year—including commodity loans—as well as continuation of aid to Turkey, Israel, Jordan, Ceylon, Afghanistan and some other countries, offers increased opportunities to U.S. exporters.

Food for Peace programs

Shipments of foodstuffs under PL-480 are also scheduled at very high levels—due most notably to the 10 million tons of food grains promised to alleviate India's food crisis—but also because of other agricultural shortfalls in the area.

Despite this continued dependence on the part of many of the area's developing countries for external financing of a large portion of their import requirements, a number of favorable internal developments have taken place in recent months. Most directly related to heightened trade prospects is the announced decision of the Governments of India and Pakistan to liberalize their import licensing requirements in the latter half of 1966.

In addition, Turkey, Israel, and Iraq have made or announced changes in trade policies which should also afford U.S. exporters greater opportunities this year.

Other significant developments common to a number of Near East-South Asia countries include: continued growth in both GNP and per capita income; notable progress in implementing development projects, especially those geared toward agriculture, transportation and industry; growth in foreign exchange earnings, derived primarily from export expansion and tourist expenditures; accelerated government efforts to improve the climate for foreign investment, particularly in India, Pakistan, Jordan and Iraq; and finally—in India, Pakistan, and Turkey—renewed domestic business confidence resulting from political stability.

High oil royalties

The region's primary oil producers—Kuwait, Saudi Arabia, Iran, and Iraq—all enjoyed petroleum royalties and revenues approaching or exceeding the half-billion dollar mark in 1965; all also registered increases over 1964 levels. Both production and revenue are expected to continue to grow in 1966, thereby assuring the U.S. exporter of sustained hard-currency demand in these areas.

Even in the oil-rich countries, however, ambitious development and modernization programs strain currency reserves. For this reason, governments have started to seek external financing or foreign venture capital for larger projects.

U.S. exports to both Kuwait and Saudi Arabia in 1965 climbed to all-time highs of $66 million and $129 million, respectively. It is anticipated that 1966 sales to the two will maintain or exceed this level—primarily due to purchases of heavy industrial machinery and other goods related to development projects. Best long-term prospects also fall into this category.

Both countries intend to continue to expand their water desalting facilities, build or add to petrochemical complexes, and remain active in the construction field. In Saudi Arabia, extensive road building, agricultural and educational programs offer good opportunities.

Contingent upon the discovery of oil in commercially exploitable deposits, the Trucial States also present a potentially lucrative market.

Commodities with the best potential in 1966 and in the long run for most countries in the area are: capital goods and spare parts for specific development or modernization projects; industrial raw materials and intermediate goods; and, as required, consumer essentials such as food grains and pharmaceuticals.

Although projects vary widely from country to country, depending on resources and stage of development, most are attempting accelerated economic growth, particularly in their foreign exchange earning sectors.

For example, several countries in the area have contracted to purchase or are contemplating the purchase of jet aircraft. Complementary interests include modern hotels, restaurant equipment, sight-seeing buses and improved surface transportation networks.

Industrial machinery and equipment sales should also continue to increase. In addition to Saudi Arabia and Kuwait and the countries mentioned in the following articles, Jordan and Iraq are planning significant industrial expansion in the near future.

Afghan market opening

U.S. exporters may also look forward to the opening of a market in Afghanistan, as that country has been extended a $2 million AID commodity loan to provide the private sector with agricultural and light industrial equipment.

Even in such hard-pressed countries as Syria and Burma, urgent plant modernization requirements present occasional opportunities for U.S. exporters.

On the other hand, the deficit trade balances of most Near East-South Asia countries tend to reinforce restrictions against imports of consumer durables and prohibitions against luxury goods. While demand for such items remains high among the larger foreign exchange earners of the region, the U.S. supplier must be prepared to face ever-increasing competition from European and Asian suppliers, as well as heightened sophistication among consumers.

Official trade promotion programs have also contributed to the U.S. sales effort in the Near East-South Asia area in recent months. U.S. industrial and agricultural equipment exhibited at Iraq's Baghdad Fair in November was very well received, and a number of follow-up orders are expected throughout 1966.

India

Easing of import restrictions, other signs point to increased foreign trade for 1966

By CELIA HERMAN
Near East-South Asia Division, BIC

All signs point to an upswing in India's foreign trade for 1966 compared to 1965, with U.S. trade representing a strong element in the increase.

Major contributing factors to the outlook for expanding imports are shipments by the U.S. of 10 million tons of foodgrains and other farm surplus commodities under Public Law 480, new opportunities afforded by the easing of India's import restrictions, and resumption of U.S. economic aid.

The devaluation of the Indian rupee (from 4.76 rupees per dollar to 7.50 rupees per dollar) announced on June 6 is generally being accepted by the business community as beneficial to the Indian economy in view of accompanying changes to assist in the country's development. Import procedures are being simplified by the elimination of import "entitlement rights." Although import licensing continues, the Government is giving greater attention to needs of industrial users for imported raw materials, spare parts and components. The Prime Minister has established rapport between Government and business interests in their respective efforts to make the economy move ahead faster.

The target growth rate of national income during the Fourth Five-Year Plan (April 1, 1966-March 31, 1971) is expected to be about 6.5% annually.

A modest, one-year Plan for 1966-67 is now in operation, pending completion of the Fourth Plan. This stopgap Plan calls for a total outlay by Central and State Governments of $4.37 billion, of which $1.1 billion (25%) are to be invested in industry and mining; $976 million (22%) in irrigation and power; $900 million (21%) in transport and communications; $698 million (17%) in agriculture and community development; and $695 million (16%) in social services and miscellaneous activities.

Agricultural emphasis

There is strong emphasis on raising agricultural production, as the resources for irrigation and a portion of those for power, industry, and transport are to help bring water, fertilizer, and other agricultural inputs to the farmer. This emphasis on agricultural development is expected to be a feature of the Fourth Plan. Preliminary estimates indicate a possible total investment during the Fourth Plan of about $45 billion including foreign aid and foreign private investment.

Indian Imports, 1965

Total imports	$2,990 million
From U.S.	$1,083 million
U.S. share	36%

Indian Exports, 1965

Total exports	$1,691 million
To U.S.	$ 351 million
U.S. share	21%

India's chief imports from the U.S.:
Grain, machinery, non-ferrous metals, iron and steel, raw cotton, fertilizers, vegetable oils and fats.

India's chief exports to the U.S.:
Jute fabrics, edible nuts, cotton textiles, sugar, tea.

India's total imports increased in 1965. The U.S. maintained its position as India's leading supplier, but its percentage share of the market dropped from 38% in 1964 to 36% in 1965. Actual value of U.S. shipments was up, however.

Chief imports during 1965 were led by foodgrains, industrial and agricultural machinery, nonferrous metals, iron and steel, raw cotton, fertilizers, and vegetable oils and fats. Imports of fertilizers from all sources totaled $103 million in 1965, by far the highest level in India's history.

Import duties cut

Many import duties were reduced to offset, at least partially, the increased cost of essential imports resulting from devaluation. A rate of 27½% ad valorem will generally apply for machinery and primary raw materials and a rate of 50% ad valorem for other raw materials and intermediates. Foodgrains, fertilizers, books, journals, newsprint, family planning accessories, sulphur, and rock phosphate will be free of duty. Excise duties on petroleum products were being readjusted to maintain existing consumer prices on such products as kerosene, diesel oils, furnace oils, and motor fuel. The 10% regulatory import duty was withdrawn on all items.

Import liberalization measures announced June 21 permit 59 priority industries to import all the raw materials, spares, and components required for production up to full capacity for six months. Special arrangements were being made to import large quantities of fertilizers, pesticides, sulphur and rock phosphate. These measures were taken following indications from the World Bank Aid-to-India Consortium that increased commodity assistance would be provided. Many members have already made available interim loans. The U.S. has provided three loans totaling $50 million for fertilizer and $250 million for maintenance imports.

If devaluation succeeds in boosting India's export earnings, future trade prospects will be brighter. For the time being, although flexibility will characterize the import policy, foreign exchange stringency will keep it somewhat restrictive.

The product categories offering the best opportunities for selling to India, other than foodgrains, include fertilizer, agricultural chemicals, farm implements and equipment, machine tools, construction equipment, power generating machinery and other essential capital goods and spare parts and components for machinery.

Investment in India through joint ventures or licensing arrangements has been selected by about 300 U.S. companies as the means of gaining access to the growing Indian market. The most significant recent investment was signed in May by the American Oil Co. (AMOCO) and the Indian Government for establishment of a plant in Madras to produce 200,000 metric tons of nitrogen fertilizer.

Relaxation of foreign investment policy for the fertilizer industry has been marked. Foreign majority equity participation is permitted. Companies are free to make their own distribution arrangements and fix prices for their products for a period of seven years.

Iran

Businessmen less jittery as government foregoes annual changes in trade rules

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

Iran's Imports, 1965

Total imports	$860 million
From U.S.	$155 million
U.S. share	18%

Iran's Exports, 1965

Total exports	$1,302 million
To U.S.	$ 69 million
U.S. share	5%

Iran's chief imports from the U.S.:
Wheat, vegetable oils, motor vehicles and parts, power machinery, aircraft, agricultural machinery, pharmaceuticals.

Iran's chief exports to the U.S.:
Crude petroleum, hides and skins, oriental rugs, goat and kid hair.

The continued expansion of U.S. sales to Iran is expected for the remainder of 1966, as the Iranian Government seeks to maintain a stable, expanding economy.

Oil revenues and development spending, the keys to economic activity continue at record levels while new private investment activity also is adding to import demand.

Annual trade regulations issued in March for the current year contained no major changes, reflecting the government's desire "to maintain a stable trade policy and give business a sense of security."

Businessmen, traditionally jittery at the beginning of the year over what the annual trade regulations will bring, were justifiably less so this year.

Construction activity, a major component of national income, is booming, particularly in Tehran. Building materials are in short supply—instances of the price of cement rising $17 to $35 per ton have recently been reported.

The annual pre-No Ruz (the Iranian New Year) shopping spree in March also added to a general feeling of prosperity in the business community.

Despite inflationary pressure, the government has succeeded in holding down prices. Government-controlled prices on items such as gasoline, sugar, and kerosene were actually lowered last year.

A liberal import policy also contributes to a stable price level, as rising imports offset increased consumer demand. A good harvest will improve the prospect for stability in food prices.

Imports for the last Iranian year, which ended March 20, reached $887 million, compared with $750 million for the previous year and $519 million the year before that. The rapid rise in imports had a negative effect on foreign exchange reserves, as official reserves declined by $81.1 million in the last year.

As of March 20, available reserves were $128.2 million, or the equivalent of less than two months of imports.

Oil revenues, which are the major source of foreign exchange, should continue to rise moderately during the current year from last year's total of $512 million, but more foreign borrowing can be expected during the remainder of 1966 as Iran attempts to offset the drain on its exchange reserves.

The United States continues to hold its share of the market and is topped only by West Germany as Iran's chief supplier. Iranian statistics show that imports from the United States reached $158 million for the last Iranian year, compared to $132 million and $83 million for the past two years.

United States figures indicate that U.S. exports to Iran for the first quarter of 1966 reached $42.9 million, up from $30.5 million for the same period in 1965. Sales of jet aircraft and heavy power generating machinery are expected to bolster U.S. exports in 1966.

Exporters of pharmaceuticals and agricultural tractors will be affected by recent actions by the Iranian Government. Imports of 24 categories of pharmaceuticals which compete with locally produced items have been prohibited, and on March 14 the government issued regulations confining its financing of tractor sales in Iran to a limited number of manufacturers. It is estimated that the government finances about 50% of the tractors sold in Iran.

Found good prospects

A U.S. Industrial and Agricultural Development Mission visited Iran in April and reported particularly good sales prospects for food processing machinery and equipment of all types and agricultural machinery and implements. A complete report of the Mission's activities is contained in the May 30 issue of INTERNATIONAL COMMERCE.

There are also good opportunities for sales of crude oil and natural gas pipeline equipment, power generating and transmission equipment, and water pumping equipment. In addition, machinery for specialized industries currently under development, such as the petrochemical industry, offer good prospects.

Although the USSR will build the steel mill scheduled for construction near Isfahan, much of the equipment and engineering for the construction and development of related projects such as the connecting railroad, the iron and coal deposits near Kerman, the Shah Abbas Dam, and the natural gas pipeline connecting the USSR with southern Iran, will be supplied by western firms.

In fact, a British company, IMEG (Iranian Management and Engineering Group), has been awarded the engineering contract for the natural gas pipeline and a French firm has the engineering contract for the Shah Abbas Dam.

Oil production, which amounted to 660 million barrels in 1965, continues to set new records. Net crude production by the Oil Consortium, which dominates the industry, amounted to 180.9 million barrels during the first quarter of 1966 for an increase of 17.8% over the first quarter of 1965.

One of the six international groups awarded offshore concessions in the Persian Gulf in 1965 has discovered oil in commercial quantites.

In February, the government-owned National Petrochemical Company (NPC) concluded a joint venture agreement with B. F. Goodrich Company to construct and operate a plant producing plastics, detergents, and caustic chlorine. On the same day, the NPC exchanged a letter of intent with the American International Oil Company to construct a plant producing sulfur and, possibly, liquid petroleum gas.

Israel

Foreign competition in thriving market presents basic challenge to U.S. suppliers

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

U.S. sales to Israel, which topped $200 million in 1965, showed signs of maintaining an upward trend during the first few months of 1966 and are expected to be in excess of $215 million by the end of the year.

Although the economy has continued to expand at an impressive rate, a slowing of economic activity, which became evident in 1965, has continued into the current year. The decline in the annual growth rate of Gross National Product to 8% from the more than 10% rate of 1964 was apparent in slower expansion of production and private consumption and, to some extent, in gross investment, which was about 3% less than in 1964.

Israel's Imports, 1965

Total imports	$832 million
From U.S.	$212 million
U.S. share	26%

Israel's Exports, 1965

Total exports	$430 million
To U.S.	$ 62 million
U.S. share	14%

Israel's chief imports from the U.S.:
Industrial and agricultural machinery, oil seeds, grains, meat products, chemicals, motor vehicles and parts.

Israel's chief exports to the U.S.:
Diamonds, raincoats, art and giftware, clothing.

Higher price levels have been accompanied by corresponding increases in per capita income, which now amounts to about $1,300, higher than some West European countries. The trade deficit, a subject of major concern, was down for the first four months of 1966 to $87 million compared with $99 million during the same period of 1965.

One-quarter from U.S.

Israeli trade statistics for 1965 indicate that the U.S. supplied about 25% of total imports.

Preliminary statistics for the opening months of this year indicate that this trend will be continued if U.S. suppliers meet the basic challenge of the Israeli market—foreign competition.

U.S. trade statistics for 1965, as compared with 1964, show that U.S. exports of food products, particularly wheat, rice, corn and cereal grains, increased from $28.2 million to $31.9 million; manufactured goods, including paper, textiles, and metal sheets and plates rose from $12.7 million to $13.6 million; and machinery and transport equipment was up from $42.5 million to $45.9 million. Noteworthy increases also occurred in power generating machinery, power machines and switchgear, and telecommunications equipment.

A survey of Israel's pattern import from the world's major suppliers, noted particularly commodity groups where total Israeli imports were going up while the U.S. share was either remaining static or declining.

The list, which represents areas where promotion efforts should be rewarded with increased sales, includes: line telephone equipment, motor vehicle parts, lifting and loading machinery, tinned plates and sheets, iron and steel bars, insulated wire and cable, pumps for liquids, medicinal products, iron or steel tubes, chemicals, domestic washing machines, fork lift trucks, electric welders, food-processing machinery, cameras and projectors, hand tools, steel storage tanks, household and hotel glass, domestic stoves and ovens, accumulators and storage batteries, agricultural tractors, electric measuring and controlling equipment, and synthetic dyes.

Adequate sales promotion efforts on behalf of these and most other U.S products should lead to sales in this highly competitive but relatively open market. Official U.S. promotional efforts have taken the form of a national exhibit at the Tel Aviv International Fair, which ended early this month. The Fair proved an effective meeting place for producers and buyers from many nations, including the emerging countries of Africa. The U.S. exhibit included two major exhibit categories: hotel and restaurant catering equipment, and automotive maintenance equipment. Almost 40 firms displayed their wares in product groups which are considered to be worthy of special promotional interest in Israel. Considerable official and private attention is being given to the expansion of automotive facilities as well as to promoting an increased rate of development of tourism facilities to meet the growing number of visitors to Israel each year.

Preliminary fair reports

Preliminary reports indicate that during the first eight days of the three-week Fair, approximately $250,000 worth of equipment was sold. During the same time, attendance was heavy with 1,500 businessmen visiting the exhibition during the special hours set aside for them.

Government foreign trade policy continues gradually to expose additional branches of industry to foreign competition.

While in the past, this liberalization has often been accompanied by higher import tax rates which heavily discourage imports, it was recently announced that import duties would be reduced by 5-10% on a wide range of import items which previously had been freed from the requirement of individual import licenses. A detailed list of the proposed items to be liberalized is expected to be made available by early November when implementation is scheduled.

Investment welcomed

Israel continues to seek foreign investment, particularly in those areas which contribute to industrial modernization and to the development of industries which have an export potential. Industrial investment rose during 1965, particularly machinery and equipment purchases. Also evident was a movement toward consolidation and modernization of enterprise, reflecting Israel's strong motivation to improve the efficiency of existing industries to bring local production to the point where it is competitive in world markets.

An added stimulus to these efforts was the announcement in April of a U.S. assistance package to Israel consisting of Public Law 480, $32.5 million; development loans, $10 million; and Export-Import Bank credits, $10 million.

Lebanon

Economy still buoyant; tourism industry can't keep up with flood of visitors

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

U.S. Exports to Lebanon

January-December 1965 $75 million

U.S. Imports from Lebanon

January-December 1965 $6 million

Lebanon's chief imports from the U.S.:
Motor vehicles, industrial machinery, household appliances, wheat, tobacco products, medical and pharmaceutical products.

Lebanon's chief exports to the U.S.:
Carpet wool, tobacco.

A buoyant tone in the Lebanese market should keep sales of U.S. products on an upward trend during 1966.

The Lebanese economy during the opening months of the year continued its usual state of high activity in the private sector. Foreign investment, mostly through joint ventures with Lebanese firms, served to stimulate a moderate growth of industry with a corresponding contribution to the country's export potential.

Steps have also been taken to consolidate the banking system.

U.S. exports to Lebanon, which rose in 1965 and continued to climb during the opening months of this year, have been further stimulated by the recent purchase of American jet aircraft and equipment.

The Lebanese business pulse was relatively strong at mid-year. Business in the private sector was brisk during the opening months of the year, although there was some tightening of bank credits, especially for items of trade sold on an installment basis.

Factory openings

More than 80 factories were opened early in 1966 representing a capital investment of about $4 million.

Efforts are being made to develop industry on a national plan. Alternative approaches being considered include, on the one hand, a detailed form of industrial planning with lists of industries to be established in the priority of their national importance; on the other, only a general program giving maximum freedom to industrialists to establish whatever industries they think would be profitable.

The absence of trade statistics for the full year 1965 obscures the composition of Lebanon's recent import picture. However, Lebanese trade statistics for 1964 show that, following Syria which supplied Lebanon with 13% of its imports, the following western countries are tightly grouped: United States, 11.5%; West Germany, 9.5%; France, 8.5%; Great Britain, 7.4%; and Italy, 7.3%.

U.S. trade statistics for 1965 indicate that U.S. sales to Lebanon, stimulated largely by increased shipments of wheat, rose to $74.5 million, a considerable increase over the $57.1 million of the previous year. Preliminary figures for the opening months of 1966 indicate that the upward swing should continue, perhaps at an accelerated pace, during the remainder of this year.

Competition continues to be the major factor in selling to the Lebanese market. The Lebanese market is attracting an increasing number of trade missions and delegations from Europe and elsewhere, which apparently view the Lebanese market and its gateway position to the surrounding Arab countries as a fertile field for cultivating export potential.

Good opportunities exist for U.S. suppliers in a variety of product categories, including motor vehicles, capital machinery and equipment, a wide range of consumer goods, and, to an increasing extent, goods related to the development of tourism.

In this latter regard, it appears that Lebanon will have a difficult task developing its tourist facilities fast enough to keep pace with the country's growing attraction as a tourist haven. The 550,000 tourists who visited Lebanon in 1965 will become an estimated 750,000 in 1966.

So far in 1966, figures show a 29% growth over a comparable period the year before.

Hotels, now averaging 90-95% occupancy, are insufficient to meet increasing demands. To meet this need, many small- and medium-size hotels are being constructed and, in addition, a new Beirut Sheraton Hotel is under construction on the shores of the Mediterranean.

Since the growth of tourism will probably continue to outstrip the development of tourist facilities, attractive opportunities exist not only for U.S. suppliers of hotel equipment but also for U.S. investment in a major sector of the Lebanese economy.

A U.S. Sample Display Center in Beirut, in its second year of operation, continues to exhibit the goods of American firms actively seeking Lebanese agents. The Display Center specializes in exhibiting U.S. products and is proving to be an effective vehicle for bringing Lebanese agents to U.S. merchandise.

Arrangements for exhibiting products at the Sample Display Center may be made by contacting the local Department of Commerce Field Office or the Commercial Exhibits Division, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230.

Vitalizing development programs

A major problem in implementing development projects is a lack of adequate studies of contemplated projects. However, there are indications that reputable foreign firms may be asked to prepare the necessary feasibility studies for the variety of projects associated with the Five-Year Plan.

Although Lebanon has encountered some difficulties in getting its basic economic development program moving, the country's five-year plan, vitalized by injections of anticipated external financial assistance, hopefully will begin moving soon.

Projects under the plan include the further development of electric power resources, distribution networks for potable water, irrigation schemes, road construction and extension of telephone and communication facilities.

Some foreign governments have indicated an interest in helping Lebanon finance projects under the Five-Year Plan. The proposals usually are not in the form of direct government loans, but rather an assurance by the lendor government that it would promote and guarantee projects to be financed and undertaken by private firms.

The Kuwait Development Fund has extended a loan of almost $7 million towards the construction of the Joun hydro-electric power plant.

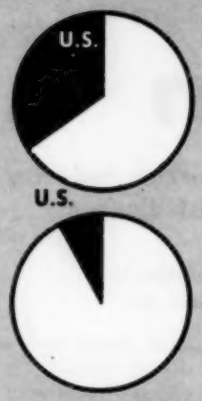
Pakistan

Surprisingly buoyant export showing and foreign aid bolster recovery hopes

By JOSEPH C. WILSON
Near East-South Asia Division, BIC

The coming months should see an increase in Pakistan's imports. The country's industry, which made notable advances prior to the hostilities with India last autumn, has been starved for equipment and materials for several months. Plagued by a perennial shortage of foreign exchange and the diversion of finances to military uses, the country severely cut the import liberalization policy which it had implemented only last year.

A surprisingly buoyant export performance during and after the 22-day war plus an optimistic outlook for the resumption of foreign assistance indicates a definite opportunity for increased sales.



Pakistan's Imports, 1965

Total imports	$1,043 million
From U.S.	$ 365 million
U.S. share	35%

Pakistan's Exports, 1965

Total exports	$530 million
To U.S.	$ 55 million
U.S. share	10%

Pakistan's chief imports from the U.S.:
Grain, iron and steel, machinery, transport equipment, vegetable oils and fats.

Pakistan's chief exports to the U.S.:
Jute fabrics, raw jute, raw wool, cotton textiles, fish.

Several signs point toward an expanding market for U.S. products: Pakistan's improved foreign exchange position; the resumption of suspended external assistance from a Consortium of several European nations, the United States, Canada, Japan, and the World Bank; and a favorable outlook for the nation's own export activities to hard currency areas.

Holdings of gold and foreign exchange reserves reached a low of $221 million at the end of 1965, but had increased 31% by the end of May. Several aid loans, particularly those to finance commodity imports, have been concluded during recent weeks. They include U.S. loans for approximately $120 million. Negotiations for additional U.S. assistance are under way and a full-scale meeting of the Pakistan Consortium is scheduled this month.

GNP estimates high

Current estimates of the 1966 GNP are running above $9 billion, an increase of 4.8% over 1965 (the per capita increase is 2%). This is well below the target rate of 6.5%. The shortfall has been attributed to the cost of last September's war, the suspension of external assistance, and unfavorable weather affecting this year's crops.

This year's strong export performance is partially offsetting such factors. Significant gains were made in sales of jute and cotton textiles as well as raw cotton and jute. Pakistan hopes that this year's sales will set a new record of $577 million, a significant gain over the previous record established during the Korean War.

Business appears to be regaining the confidence lost last fall. The Fiscal Year 1967 Budget emphasizes the government's intention to adhere to original Plan goals (Third Five-Year Plan, July 1965-June 1970) for development investment. This means that projected investment is targeted for $10 billion while the 1967 fiscal year share will be slightly more than $1 billion.

An indication of "business as usual" together with reports that war losses are not as great as originally anticipated provide a relatively favorable outlook for Pakistan's business community. The Government's announcements that the rupee will not be devalued and that import policy will be liberalized this month were widely applauded. Stock market activity was strengthened by these announcements, in addition to increased institutional investment interest.

Nevertheless, both local and foreign forecasters are handicapped by lack of information about the level of foreign aid to be made available. Implementation of both business and government plans are greatly dependent upon the outcome of current negotiations.

Overcoming competition

In addition to foreign exchange problems, alert aggressive competition from European and Japanese suppliers must also be overcome in order to increase export sales to Pakistan. During recent years U.S. sales have been greatly dependent upon our aid program. Only about 10% of imports from the United States are purchased with Pakistan's foreign exchange earnings. Although the Pakistani customer places great emphasis upon price, he is also aware of such selling points as quality, equipment capacity, and performance.

Pakistan's import bill for 1965 was slightly more than $1 billion, of which the U.S. share was 35%, compared to $998 million and 42% for 1964. Principal U.S. exports were cereals, vegetable oils and fats, iron and steel, machinery, electrical and transportation equipment.

Import restrictions have been placed in effect since last autumn. The Government has announced its intention to abolish import controls on a progressive basis beginning this month, but its ability to do so will depend largely upon foreign assistance.

Markets for U.S. goods

U.S. exporters should find good markets for fertilizers, chemicals and dyes, pharmaceuticals, transport and earth-moving equipment and parts, and machinery (both electrical and non-electrical). There will be a continuing demand for grain, vegetable oils and fats, iron and steel and non-ferrous metals, and lubricants.

Plans for industrial development will emphasize the sugar, jute and textile industries and investment in fertilizers, petrochemicals, cement, paper, steel, machine tools and heavy machinery.

Foreign investors are encouraged to participate in Pakistan's development. There are no restrictions concerning ownership of plant, although joint ventures are preferred.

Preference will be given to companies contributing a high degree of expertise and sophisticated equipment and/or contributing directly to the country's export earnings.

Turkey

Growth rate falls short of plan's goals, but foreign trade is at record levels

By PETER B. HALE
Near East-South Asia Division, BIC

Turkey's Imports, 1965

Total imports	$577 million
From U.S.	$162 million
U.S. share	28%

Turkey's Exports, 1965

Total exports	$459 million
To U.S.	$ 82 million
U.S. share	18%

Turkey's chief imports from the U.S.:
Wheat, motor vehicles and parts, lubricating oils and greases, textile yarn and thread, construction and mining machinery, industrial machinery.

Turkey's chief exports to the U.S.:
Unmanufactured tobacco, edible nuts, copper, chrome ore, skins.

An expected record level of imports and growing exports add up to a sharp expansion of Turkish foreign trade in 1966. Economic development plans call for an increase in imports, to be sustained by higher exports, greater remittances from Turkish workers abroad, larger tourism revenues and continued assistance from the Organization for Economic Cooperation and Development Consortium.

The Turkish economy continued to expand last year, with Gross National Product (GNP) increasing 5.3% at constant prices. Although this increase is less than the 7% target of the First Five Year Development Plan, it is well ahead of the 4.3% increase of 1964.

Increased industrial production and an expected good harvest should push the expansion rate nearer the 7% target in 1966.

The conservative government strengthened its position in spring elections, and is advocating a program of rapid economic development with emphasis on the private sector. Implementation of planned development projects in both the public and the private sectors is proceeding, following postponement last year.

Reflecting the postponements, Turkish imports for the year 1965 totaled $572 million, only a modest 6% increase over 1964. However, increased economic development activity has caused Turkey's imports for the first quarter of 1966 to rise roughly $180 million, a 31% increase over the corresponding period of 1965.

Much of the first quarter import rise was in shipments for specific development projects, with the leading gainers being boilers and machinery, transportation equipment and fertilizers.

United States sales to Turkey also increased during the first quarter, averaging 5% more than the monthly average in 1965. Much of this rise reflects increased commercial sales, as shipments under the aid program remained roughly the same, and there were no shipments at all of foodstuffs under PL-480 during the quarter.

Imports from the United States should show a greater increase during the remainder of 1966, as PL-480 shipments are scheduled to resume and aid-financed sales continue.

Turkish exports were $459 million in 1965, an increase of 12% over 1964. Exports continued to show sizeable increases during the first quarter of 1966, running 36% ahead of the corresponding period last year, at about $145 million.

Traditional agricultural products accounted for most of these increases, headed by cotton, the top foreign exchange earner, hazelnuts, olive oil, raisins, and livestock. Sales of copper also increased significantly but sales of tobacco, another leading foreign exchange earner, remained roughly constant.

The United States remained Turkey's most important trading partner in 1965, accounting for 29% of its imports and 18% of its exports.

Principal U.S. exports to Turkey during 1965 were wheat, power generating equipment, motor vehicle parts, iron and steel mill products, chemicals, textile yarns, and all types of industrial machinery. Chief exports to the United States were tobacco, edible nuts, skins and chrome ore.

Supplies for projects

Supplying specific projects under the economic development plan with capital equipment and semimanufactures remains the best way for U.S. businessmen to sell to Turkey. Products which appear especially saleable for American producers include food-processing equipment, agricultural machinery, chemical fertilizers, semifinished plastic materials and selected light industrial machinery.

Turkey's trade with Eastern Europe and the USSR increased sharply during 1965, although it still remained at a relatively low level. Trade with EEC and EFTA countries increased slightly during the year. These trends have not continued during the first quarter of 1966 however, as imports from the EEC and EFTA countries have risen faster than imports from Eastern Europe and the USSR.

Turkey's planned import allocations for 1966 provide for imports of $725 million, in contrast to the $665 million allocated last year. Commercial imports, programmed at $485 million, include $270 million for imports eligible for import licensing without quota reference. This represents a $50 million increase in this category over 1965.

As a further indication of import liberalization, prior deposit requirements have been reduced for some categories of goods, including reductions from 10% to 1% for machinery and equipment imported under the investment quota and from 70% to 20% for chemical and mixed fertilizers.

Although still small compared to its total import bill, Turkey's net foreign exchange reserves stood at $62.8 million at the end of 1965, up $11.8 million from the end of 1964. This improvement continued in early 1966.

The foreign exchange remittances of Turkish workers abroad have become an important source of foreign exchange. In 1965, these remittances totaled $70 million, compared with $9 million in 1964.

Tourism revenues are also an increasingly important source of foreign exchange for Turkey. In 1965, tourism revenues reached $12.2 million, up from $7 million the year before. The country, with AID assistance, is planning to develop hotels, resort areas and access roads to maximize foreign exchange earnings.

UAR (Egypt)

Serious foreign exchange problems continue to hamper sales of U.S. goods

By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

U.A.R.'s Imports, 1965

Total imports	$934 million
From U.S.	$189 million
U.S. share	20%

U.A.R.'s Exports, 1965

Total exports	$605 million
To U.S.	$ 19 million
U.S. share	3%

U.A.R.'s chief imports from the U.S.:
Wheat, wheat flour, unmanufactured tobacco, industrial machinery, industrial chemicals, and railway locomotives and cars.

U.A.R.'s chief exports to the U.S.:
Raw cotton, crude petroleum, cotton fabric.

Serious foreign exchange difficulties continue to hamper U.S. sales to the United Arab Republic and tight restrictions on imports are expected to continue into the foreseeable future.

In spite of a narrowing of the U.A.R.'s trade gap, foreign exchange reserves sank to under $10 million during May. Measures instituted by the new Mohieddin Government aimed at coping with the U.A.R.'s economic problems have not had time to affect the country's balance of payments significantly.

Import controls on raw materials and spare parts continue to hamper manufacturing and industrial development, although there are indications that this situation has improved since January 1965 when many firms were forced to shut down or drastically curtail operations.

In December 1965, the Government instituted a wide range of measures to curb consumption.

Prices were raised on a number of consumer items including cigarettes, sugar, butagas, textiles, automobiles, and Coca-Cola. The price of bread and tea were unchanged but the size of a loaf and the amount of tea in a package were reduced. In an effort to combat inflation, general income and defense taxes were raised as were customs and excise taxes on luxuries and durables such as cars, refrigerators, cigarettes, liquors, and soft drinks.

Possible project changes

As part of its new economic policy, the Mohieddin Government also is reviewing the Second Five Year Plan. The Plan has been extended for two years and now covers the period 1965-1972. The Plan document itself has not been released but it appears there will be basic changes in industrial projects, although it is expected industrialization will continue to receive the heaviest emphasis of any sector of the economy.

These measures, if strictly implemented, coupled with administrative belt tightening and conservative public spending, could aid considerably in improving the economic stability of the U.A.R.

The draft budget for the fiscal year beginning in July 1966 has been presented to the National Assembly. Total expenditures of $3 billion are somewhat larger than expected and represent an increase of 7½% over last year's budget. Investment appropriations are $834 million and approximately $250 million has been allocated for the import of consumer commodities.

Official statistics released by the Government put total imports at $934 million and exports at $605 million for a trade deficit of $228 million for 1965. Statistics for 1964 show imports of $952 million and exports of $537 million.

U.S. share narrows

Although the U.S. continued to be the leading supplier, its share of the market narrowed from 30% in 1964 to 20% in 1965 as imports from the U.S. decreased from $284 million to $188 million. The principal cause of the decline was the decrease in U.S. shipments of surplus agricultural products under Public Law 480.

U.S. statistics indicate U.S. exports to the U.A.R. for the first three months of 1966 totaled $40.6 million compared with $38.6 million for the same period in 1965.

In addition to cotton exports, the chief source of foreign currency, Suez Canal tolls and tourism, are important sources of foreign exchange. In 1965, Suez Canal revenues rose to $197 million, partially reflecting a toll increase of 1%, and tourism earnings were estimated by U.A.R. officials at $115 million.

Firms selling successfully in the U.A.R. are often those able to arrange financing to minimize the drain on the country's hard currency supply.

Financing ranges from extended payment terms to barter transactions where the seller accepts and arranges payment for his sale from a third country buyer of U.A.R. exports.

A typical U.A.R. Government tender usually states that preference will be given to offers in order of those specifying: local manufacture; payment in U.A.R. currency; shipment from countries with which the U.A.R. has payments agreements, and extended payment terms.

Products offering the best opportunities for sale continue to be essential consumer goods such as foodstuffs and pharmaceuticals, equipment for the development of particular industries, and equipment for the irrigation and development of agricultural land. The market for all but the most essential products is limited for the foreseeable future.

Port Said expansion

The planned expansion of free trade zone facilities in Port Said may offer opportunities for firms selling in the U.A.R. and Middle East.

A site for the Zone is being leveled on the Port Fouad side of the Canal and draft legislation permitting exemptions from U.A.R. laws on labor, foreign exchange, and foreign private enterprise is under preparation.

Oil exploration provides one of the few sources of optimism in the U.A.R. for future sales. Phillips Petroleum began drilling in the western desert near El Alemein at the end of 1965 while Pan American continues to delineate its El Morgan field in the Gulf of Suez. The eventual capacity of the latter field is conservatively estimated at 100,000 barrels a day—a little less than the present total daily production of crude oil.

Africa: growing market

U.S. sales to continent topped $1 billion for first time in '65

By B. ROBERT SARICH
Acting Director, Africa Division, BIC

Overall U.S. exports to Africa reached an all-time high of $1,065 million in 1965, a 12% increase over the 1964 figure of $951 million. Most economic indicators point to further U.S. export expansion in Africa and the outlook for the next 6 to 12 months is for moderate gains over 1965's record performance.

On the import side, U.S. Bureau of the Census data show that in 1965 U.S. purchases from Africa amounted to $870 million, registering a 3.4% decline from the 1964 level of $901 million. As in the past, coffee ($246 million), cocoa ($83 million), metals and ores, diamonds, copper, crude petroleum and rubber accounted for the largest part of U.S. imports from Africa.

While the trade outlook varies from country to country, overall prospects for future sales in Africa appear encouraging.

For a number of African countries, the current economic picture offers favorable aspects for trade growth. Steady economic advances as evidenced in the implementation of various development plans, the rapid expansion of petroleum production, the extensive development of mineral resources, roadbuilding, railroad and port improvement projects, should provide export opportunities for a wide range of American products.

There is much evidence of advancing rates of economic progress throughout the continent, with new urban communities springing up and development projects in agriculture, industry and mining underway, sustained by foreign funds from both public and private sources.

Promising markets

U.S. sales should advance in Ethiopia, Libya, Tunisia, and Nigeria. Moderate export gains are also likely in East Africa, the Ivory Coast, Congo (Kinshasa, formerly Leopoldville), South Africa, Zambia and Liberia.

Less promising markets include African countries associated with the Common Market, where U.S. products face significant tariff discrimination and competition.

Account should be taken that in some parts of Africa there are factors which limit the expansion of American business relationships. In a number of countries American exports are hampered by preferential tariffs accorded to West European countries, import licensing controls and stringent foreign exchange regulations. In addition, in many former colonial areas there are traditional institutional or governmental impediments deriving from former associations which restrict the promotion of trade with the United States. There is still a fairly strong dependence in the economic and monetary field on former metropolitan powers.

U.S. exports to Southern Rhodesia have been drastically curtailed as a result of export controls established in support of the U.N. resolution.

AID-financed exports will continue to play an important role in U.S. trade gains in various parts of the African continent. During fiscal 1965 U.S. economic assistance to African countries totaled $328.7 million.

Unstable prices

Price instability in the trade of certain tropical products essential to the economies of many African countries have always had a carry-over impact on the amount of foreign exchange earnings and the propensity to import. In recent months, however, firmer world prices for these commodities have materially assisted the balance of payments position of many African countries.

If this trend is maintained it should have a stimulating effect on the future level of U.S. exports to African markets.

As shown in the accompanying table, the principal U.S. customer in Africa remained South Africa, to which U.S. shipments in 1965 climbed to $437 million, compared with $393 million in 1964. Notable increases in U.S. sales were also recorded in trade with Ethiopia, Kenya, Ghana, Tunisia, Morocco, Nigeria and Liberia.

Other markets where U.S. exports made modest gains included Libya and Congo (Kinshasa).

On the other hand, substantial decreases occurred in U.S. trade with the Ivory Coast and Algeria.

The major components of U.S. exports to Africa consisted of non-electric machinery, ($295 million), followed by transportation equipment ($186 million), foodstuffs, electrical machinery, textiles, metal manufactures and tobacco products.

American exporters will find a wide range of trade opportunities related to increasing efforts in many countries to develop basic economic facilities and boost domestic production. Items in considerable demand will include mining and construction equipment, agricultural machinery, tractors, insecticides, and various types of machinery for processing or assembling operations.

Other possibilities

Future sales possibilities should also remain strong for transportation and industrial equipment. Other commodities with export potential include refrigeration equipment, air conditioners, steel and iron products, hardware and hand tools, capital goods, foodstuffs and some consumer goods.

Anticipated economic growth in most of the larger African countries, together with rising demand for semi-manufactured and industrial goods, should enhance chances for greater U.S. sales.

For example, in Nigeria the economy has made strong advances, with higher earnings from rapidly growing petroleum exports and revived cocoa sales, and the implementation of the second half of an ambitious 6-Year Development Plan (1962-68). There is every indication that U.S.-Nigerian trade will continue to increase at a rapid rate.

The U.S. trade outlook with Libya appears very bright. The country is enjoying high revenue from petroleum exports, a very favorable balance of payments, and a construction boom. In addition, the 1963-68 Development Plan, which calls for expenditures in the neighborhood of $700 million, should generate extensive trade opportunities.

A moderate rise is expected in American exports to the Ivory Coast. The Gross Domestic Product of the country has been expanding at the rate of 5 to 7% annually, and the balance of payments continues to show a surplus. A favorable investment climate is attracting foreign private investors.

The trade outlook with Morocco is uncertain, due to the continued scarcity

U.S. trade with Africa

(excluding UAR, in millions of U.S. dollars)

Area and Country	U. S. Exports 1964	1965	% Change	U. S. Imports 1964	1965	% Change
Africa Total	$951	1,065	+12	$901	870	−3.4
Algeria	53	21	−60	5	5	—
Ethiopia	13	21	+62	53	64	+21
Libya	59	64	+8	29	30	+3
Tunisia	32	44	+38	1	5	+400
Morocco	37	55	+49	6	6	—
Ghana	25	36	+44	74	59	−20
Liberia	35	39	+11	48	51	+6
Ivory Coast	19	11	−42	64	46	−28
Nigeria	64	74	+16	35	58	+66
Uganda	2	2	—	47	42	−11
Kenya	14	24	+64	24	14	−42
Tanzania	7	7	—	14	11	−21
Total East Africa	23	33	+43	85	67	−21
Congo (K)	66	70	+6	45	41	−9
So. Africa	393	437	+11	250	230	−8
Other African countries	132	161		206	202	

Sources: "U.S. Imports of Merchandise for Consumption," December 1965, U.S. Department of Commerce, Bureau of the Census.
"U.S. Exports—country by commodity groupings," December 1965, U.S. Department of Commerce, Bureau of the Census.

of foreign exchange, a slow growth rate and the policy of discouraging imports, particularly of non-essential commodities. By contrast, however, there is some encouragement offered by the modernization and expansion of mining activities and the growing importance of the tourist industry, in which U.S. firms are participating.

In recent months, there has been an upward trend in the Congolese economy and continued expansion seems to be in prospect. If the anticipated increase in export earnings materializes, it is likely that the future level of imports will be higher.

East African countries (Kenya, Tanzania and Uganda) are implementing ambitious development programs calling for imports of a wide variety of machinery and equipment. Concomitantly, a rise in per capita income, coupled with a gradual shift from a subsistence to a cash economy, is creating a growing demand for consumer goods.

Ethiopia, with a stable currency, a high level of gold and foreign exchange reserves, and a construction boom, offers varied trade opportunities. A heavy demand for foreign imports will continue.

Trade prospects with Liberia are moderately hopeful. Following a period which has been characterized by tight commercial credit, restricted Government expenditures and generally sluggish economic activity, the country is now experiencing a gradual economic upswing. The improvement is due to expanded earnings from exports of iron ore, rubber and coffee, a favorable balance of trade, and increased interest by foreign investors.

Demand to drop

South Africa, which imposed credit restrictions and import controls last August, has succeeded in halting a growing inflation. Although the economy will probably continue growing at a healthy annual rate of around 5%, the overall demand for imports can be expected to drop during 1966.

The U.S. share of South Africa's imports could increase, however, since the demand for capital goods and equipment of which America is an important supplier is likely to represent an increasing share of total import demand.

In its efforts to expand the U.S. share of various African markets, the Department of Commerce employs a variety of trade promotional devices. A Trade Mission recently went to Ethiopia, Sudan and the Somali Republic. Under the sponsorship of the Department of Commerce, a successful Sample Display Center was organized by the American Embassy in Nairobi.

In addition, before the end of the year, Trade Missions are scheduled to visit Nigeria, Morocco, Tunisia and Libya. A Trade and Investment Mission to Congo (Kinshasa) and Zambia is under consideration for early 1968.

The Department has also assisted American exporters in entering African markets by mounting U.S. national exhibits at the International Trade Fairs in Addis Ababa and Tunis, and a commercial exhibit at the Tripoli International Trade Fair, which will feature agricultural, educational and construction equipment.

U.S. private investments in Africa are increasing and are showing a high rate of growth in the more underdeveloped areas. In 1964, the latest year for which figures are available, the book value of direct private American investment in Africa was estimated at $1,629 million, with the largest funds invested in petroleum ($830 million), followed by mining and smelting ($356 million), manufacturing ($225 million) and trade ($93 million).

The contribution of American business is keenly sought by African countries and it is an encouraging sign that many have enacted investment codes or laws designed to encourage private foreign investment. The U.S. Government has concluded Investment Guaranty Agreements with 27 African countries and more are being negotiated.

Most of the developing African countries will continue to require foreign private capital for the implementation of various economic development projects, with heavy emphasis on diversifying their economic bases.

While exploration of mineral resources and investments in extractive industries will remain important investment fields, recent trends show growing investor interest in manufacturing, hotel and service industries.

Potential American investors should examine closely these broader investment opportunities. Industrial development, generating higher income and an improved standard of living, makes African countries better customers for all types of U.S. exports.

In the export and investment expansion drive, which the United States Government is supporting vigorously, private American free enterprise is an indispensable partner. This is the time for U.S. businessmen to plan an energetic sales approach in growing African markets, which are highly competitive.

Congo

Expected climb in export earnings should provide means to pay for higher imports

By DOUGLAS F. CARROLL
Africa Division, BIC

U.S. exports to Congo (Kinshasa)

January-December 1965 $70 million

U.S. imports from Congo (Kinshasa)

January-December 1965 $38 million

Congo's chief imports from the U.S.:
Machinery and transport equipment, petroleum products, chemicals, cereals, dry milk.

Congo's chief exports to the U.S.:
Manganese, copper, zinc, coffee, rubber, vegetable oils.

U.S. exporters can be expected to maintain and possibly increase their share of the Congolese market in the next six to 12 months.

An anticipated rise in export earnings should provide the Congo with additional foreign exchange reserves to use in payment for imports. This improvement in the Congo's reserve position, combined with Agency for International Development and Public Law 480 programs, should allow a moderate increase in total imports during 1966.

An upward trend in the level of mineral exports, coupled with continued economic expansion, should improve the country's economic position provided political disturbances can be avoided. At the same time, Government efforts to reduce reliance on traditional trading sources of supply are expected to stimulate development of new trade patterns, offering opportunities for increased U.S. exports to the Congo.

Many U.S. products imported under the AID program have found wide acceptance in the Congo and have generated a market for sales of a broader range of U.S. products. Furthermore, the U.S. does not face tariff discrimination since the Congo continues to apply a single column tariff schedule to all imports, despite its associate membership with the European Economic Community.

U.S. showing

U.S. exports to the Congo, the bulk of which were AID-financed, climbed from $65.8 million in 1964 to $70.1 million in 1965, according to U.S. data. Over the same period, Congolese data show a decline in total imports from $270 million to $260 million. U.S. purchases from the Congo dropped from $44.6 million in 1964 to $41 million in 1965. First quarter 1966 U.S. figures follow a similar pattern, with the U.S. selling $16.5 million worth of goods to the Congo and buying $9.2 million worth.

The demand for imported goods has been stimulated by inflationary pressures. However, since all commercially-financed goods imported into the Congo are regulated by a quota system which allocates foreign exchange according to development needs, most of the goods imported have been essential materials and equipment needed to keep the economy running.

Procedures for distribution of import quotas were improved in January 1966 by establishment of a new classification system for non-AID-financed imports. This system will result in a more specific description of the imported merchandise, reduce declaration irregularities and allow for more accurate planning of import needs from year to year.

Imports financed through the AID program continue to enter under an open license system.

If the anticipated improvement in the Congo's reserve position materializes, the best export opportunities are likely to be in spare parts, agricultural and mining equipment, foodstuffs, clothing, and small electrical appliances.

As a service to U.S. exporters, the U.S. Government maintains a Commercial Library at the U.S. Embassy in Kinshasa (formerly Leopoldville) in order to familiarize local businessmen with U.S. products and business firms. Businessmen in the U.S. may contribute catalogues, price lists, and promotional literature through the Commercial Officer, American Embassy, Kinshasa, Congo.

A U.S. trade and investment mission to the Congo, which would provide an additional stimulus to American exports, is under consideration for early 1968.

U.S. businessmen who are interested in trading with the Congo should note that several major cities, including the capital, were recently given new names. Leopoldville is now known as Kinshasa, Elisabethville as Lubumbashi, and Stanleyville as Kisangani. In addition, Banningville is now called Bandundu, Coquilhatville is Mbandaka, and Paulis is known as Isiro. U.S. exporters are advised to use the new names when referring to these cities in correspondence with Congolese businessmen.

While prospects should be good for U.S. exporters in coming months, potential investors will find opportunities limited unless they are willing to forego profit repatriation in the immediate future. The Congolese Government has indicated a particular interest in U.S. investment, however, and will provide to entrepreneurs all the foreign exchange required to establish and maintain new enterprises. An Investment Guaranty Agreement is in effect with the U.S., and an Investment Code offering liberal rights and privileges to potential investors is scheduled for publication in the near future.

Stimulus from aid

U.S. economic assistance has provided a major stimulus to U.S. exports to the Congo. The AID effort there has been channeled mainly through the Support Assistance Program, which provides for importation of industrial equipment and raw materials, and the PL-480 program. Under the latter program, agricultural commodities, mostly from surplus U.S. stocks, are imported by Congolese distributors, who pay for these goods with dollars given them by Congolese authorities in exchange for local currency. This local currency is credited to the U.S. Government account and will be used to help develop the Congolese economy.

Thus far in 1966, AID funds have been used to finance trucks and spare parts, textiles, industrial machinery, chemicals, dry milk, canned fish, tires and tubes, and iron and steel. Under the provisions of PL-480, the U.S. is presently financing imports of rice, tobacco, wheat flour and cotton.

Tied aid programs have given U.S. businessmen a good opportunity to establish themselves in the Congo. As exchange reserves mount and Congolese agricultural production climbs, however, U.S. assistance will probably shift to a development loan program. U.S. business firms will then have to cope with increased competition from exporters of other nations. Vigorous trade promotion activities should be undertaken now, if the U.S. is to maintain and increase its share of the Congolese market.

East Africa

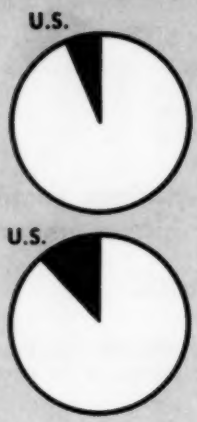
Nations have import cash on hand, but separatism limits regional cooperation

By DOUGLAS F. CARROLL
Africa Division, BIC

U.S. exports to the countries of East Africa (Kenya, Tanzania and Uganda) are expected to grow at a moderate rate over the next 6-12 months. Last year the U.S. share of the East African market rose to 7.3%, up from 5.8% in 1964.

There are reasons to expect this favorable trend to continue. These East African countries generally enjoy a favorable balance of trade, which provides them with the foreign exchange to pay for any expanded purchases from foreign suppliers.

East Africans also have a high regard for American goods and technological know-how, which has enabled some U.S. exporters to successfully meet strong competition from traditional sources of supply. This is particularly important because these countries are each in the early stages of ambitious development programs and will be demanding greatly increased supplies of machinery and equipment in the next few years.



East Africa's Imports, 1965

Total imports	$504 million
From U.S.	$ 37 million
U.S. share	7%

East Africa's Exports, 1965

Total exports	$504 million
To U.S.	$ 58 million
U.S. share	12%

East Africa's chief imports from the U.S.:
Machinery and transport equipment, cereals, kraft paper and paperboard, dry milk and cream, oils and fats.

East Africa's chief exports to the U.S.:
Coffee, tea, sisal, pyrethrum.

At the same time, demand for consumer goods is being stimulated by a rise in per capita income and the gradual shifting of Africans from the subsistence sector into the monetary economy.

Development plans for the countries of East Africa project substantial gross domestic product (GDP) increases over the next several years. The Kenyan and Ugandan plans call for GDP increments of 6.3% per year in constant prices, from 1966-70 for Kenya and from 1966-71 in the case of Uganda. Tanzania's objective is an annual GDP rise of 6.7% through 1980.

Economic growth rates in these countries in recent years have been ranging from 4 to 6% a year.

Big private role

Each of the development plans places great reliance on private capital formation, and the governments have all taken steps to encourage the flow of private foreign capital. As a result, private investment in the East African region has been increasing considerably for the past several years.

The upward trend in both public and private investment will stimulate demand for capital goods, an area in which U.S. exporters are particularly competitive. On the other hand, East African governments are resorting to duty increases on products considered non-essential to economic development.

U.S. figures show that American exports to East Africa climbed from $23 million in 1964 to $32.5 million in 1965. There is normally some variation between U.S. trade statistics and East African figures given in the accompanying table.

Our best customer in East Africa is Kenya, which bought $23.5 million worth of U.S. goods in 1965. Sales to Tanzania and Uganda were $6.9 million and $2.1 million, respectively.

Trade trends

First quarter figures indicate a continuation of 1965 U.S.-East African trade trends. The U.S. imported $18.6 million worth of goods from the East African countries in the first three months of this year, while exporting $14.1 million worth to the area. Uganda contributed the bulk of these U.S. imports, primarily in coffee, while buying less from the U.S. than either Kenya or Tanzania.

Particularly good prospects for U.S. exports exist in the following product lines: textiles, footwear and clothing manufactures, leather goods, wood products, chemicals, building hardware, hand tools, agricultural equipment, fertilizers, cement, pharmaceuticals, and plastic and rubber products.

American businessmen who desire more information about East African trade and investment opportunities will find the recently published Department of Commerce market survey, "Market for U.S. Products in East Africa," of valuable assistance. It is available through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, and any of the 42 Department of Commerce Field Offices around the country.

While the market survey provides marketing information to potential U.S. exporters, a Sample Display Center located in the U.S. Commercial Office in Nairobi, Kenya, offers them a unique opportunity to develop agents and representatives for their products at extremely low cost.

A tendency for Kenya, Tanzania and Uganda to follow separate development policies is threatening to weaken the common institutions developed by these countries.

The Governments are already in the process of phasing out one feature of regional cooperation, a common currency, in favor of separate monetary units to be issued by newly established central banks.

Preservation effort

However, in an effort to preserve remaining common regional activities, an East African Cooperation Commission was formed last year. Its objective is to study ways to promote continued economic cooperation in East Africa.

American traders interested in the East African market would be smart to establish a foothold now. The development plans of these nations will be shifting into high gear soon, and new trade patterns will undoubtedly develop which will prove to be of great benefit to enterprising American suppliers.

U.S. exporters who get in on the ground floor can expect good results in years to come, as brand loyalties for consumer goods and purchasing patterns for capital equipment lines become established, and buying trends continue for the East African countries.

Ethiopia

U.S. moves up as import supplier, but market remains relatively small

By WILLIAM K. KRIST
Africa Division, BIC

Ethiopian Imports, 1965

Total imports	$126 million
From U.S.	$ 8 million
U.S. share	6%

Ethiopian Exports, 1965

Total exports	$124 million
To U.S.	$ 66 million
U.S. share	53%

Ethiopia's chief imports from the U.S.:
Aircraft and parts, raw cotton, machinery, appliances and parts, power generating machinery, road motor vehicles and parts.

Ethiopia's chief exports to the U.S.:
Coffee, skins, hides, oil seeds.

Prospects are bright for a continued increase in the volume of Ethiopia's imports, and for a further enlargement of the U.S. share of the market, during the next 12 months. Ethiopian imports increased by 29% in 1965, and the United States moved up a notch to become the fifth most important supplier.

Stable political institutions, high levels of gold and foreign exchange reserves, and a stable currency all indicate that Ethiopia will become an increasingly attractive market. Additionally, the steady growth of Ethiopia's economy and the increasing importance of the monetized sector, augur well for the country's trade prospects.

The level of imports in particular is expected to increase during the coming year, as imports are required for the economy to continue its expansion. Specific factors which indicate that foreign goods will continue in heavy demand include the relatively long-term construction boom; the continuing growth of light industry and its need for machinery and other equipment; the growing affluence of certain parts of the population and their increasing desire for consumer goods; and the rising levels of external assistance, of which the U.S. committed $20.1 million in obligated loans and grants in fiscal 1965.

Gross National Product (GNP) was estimated at $982 million in 1964, and is growing at about 4% a year, or slightly less than the 4.3% growth called for in the Second Five Year Plan (1962-67). However, the industrial sector grew by roughly 19% in 1964-65.

Imports showed a considerable increase in 1965, when they were valued at $125.8 million, up $28.5 million from 1964 according to the latest National Bank of Ethiopia figures.

Major U.S. exports to Ethiopia in 1965 consisted of aircraft and parts, cotton, machinery, power-generating equipment, and vehicles; the total amounted to $7.9 million, an increase of $2.5 million over 1964. (There is ordinarily some variation between Ethiopian figures, which are used in this article, and U.S. trade statistics, given in the overall summary article on Africa.)

The U.S. share of the Ethiopian market also increased, to 6.3% of total imports in 1965, as compared to 5.6% in 1964. Italy remained the major supplier in 1965, with 20.6% of the market, primarily due to her close historical and geographic ties with Ethiopia. Japan was the second major supplier, with 16.7%, followed by West Germany, 11.2% and the United Kingdom, 11.1%.

Ethiopia exported goods valued at $124 million in 1965, a 14% increase over 1964. The major cause for this increase was the higher value received for coffee, which accounted for 64.8% of 1965 exports; all in all, the 1965 coffee crop earned $13.8 million more than in 1964, or 90% of the $15.4 million increase in exports.

Other major Ethiopian exports are oilseeds, hides and skins, foodstuffs, and pulses. Ethiopia will probably only be able to achieve a modest export increase in 1966, as the present world surplus of coffee appears to rule out any significant increase in this source of foreign exchange earnings for the foreseeable future.

No restrictions

With increased effort in the Ethiopian market, U.S. exports to Ethiopia should continue to increase as there are no discriminatory restrictions against U.S. goods, and the customs tariff is applied without preference, generally as a revenue-producing device.

U.S. traders face strong competition from well-established Italian, Japanese, British and German suppliers in this small but expanding market. If this competition is to be met, more liberal credit terms and better servicing are required, and traders will have to give the Ethiopian market more attention.

The best prospects for increasing exports to Ethiopia appear to be in motor vehicles and spare parts, agricultural machinery, spare parts and implements, and machinery for special industries such as construction, printing, and food processing.

Other items in which U.S. exporters should be able to increase their sales are petroleum and petroleum products, woven textile fabrics, electric power machinery and switch gear, construction materials, and pharmaceuticals.

In an effort to increase U.S. exports to Ethiopia, a trade mission visited the country in the latter part of 1965. This was followed by the opening of a new Commercial Information Center in Addis Ababa in January, and a Trade Exhibit in the latter part of March and early April. These projects will all help to sell U.S. products.

The best prospects for investment in Ethiopia appear to be in the agricultural industries. A recently announced AID-sponsored survey, costing $1 million and taking two years to complete, is designed to identify projects to assist the development of this sector.

To encourage foreign investment, the Ethiopian Government has enacted a liberal investment code and has signed an Investment Guaranty Agreement with the U.S., as well as a Treaty of Friendship, Commerce and Navigation.

The equivalent of $200,000 in Cooley loan funds is available through the U.S. Agency for International Development to American businesses interested in investing in Ethiopia. However, potential investors should remember that the domestic market, while expanding, is still relatively small.

Ivory Coast

Both imports and exports have almost doubled since independence in 1960

By BRADFORD W. MILLER, JR.
Africa Division, BIC

Ivory Coast Imports, 1965

Total imports	$236 million
From U.S.	$ 13 million
U.S. share	5%

Ivory Coast Exports, 1965

Total exports	$277 million
To U.S.	$ 43 million
U.S. share	16%

Ivory Coast's chief imports from the U.S.:
Rice, agricultural machinery and parts, heating and cooling equipment, construction and mining machinery, road motor vehicles.

Ivory Coast's chief exports to the U.S.:
Coffee, cocoa, fish.

Total imports into the Ivory Coast in 1966 are expected to rise with the continued expansion of the Ivorian economy.

Between 1960 and 1964, both Ivorian exports and imports nearly doubled, and in 1964 a record high of $239 million in imports was achieved. Incomplete figures show imports were somewhat less in 1965, but the continuing attractiveness of the Ivorian economy to foreign investors plus a hoped-for expansion of exports indicate a moderate rise in the import level this year.

The Ivory Coast's balance of payments as well as its balance of trade have been continuously favorable over the last several years. Strong over-all export sales have kept the balance of trade in the plus column and, in 1964, total export sales of $302 million brought about a $63 million surplus of exports over imports.

A continuing favorable trade balance is expected, though at a somewhat reduced level.

Quotas established under the International Coffee Agreement for the Ivory Coast, which have checked export coffee sales in the face of domestic overproduction, have tended to hold down export earnings which could be used for purchases of imports. This helps partially to account for last year's decrease in Ivorian imports from the U.S.

U.S. figures show exports to the Ivory Coast in 1964 at $19 million, in 1965 at $11 million, and for the first four months of 1966 at $7 million. (There is some variation between U.S. trade statistics and Ivorian figures, which are given at the top of this page.)

According to Ivorian figures, 6% of all Ivorian imports for the first eleven months of 1965 were from the U.S. as opposed to 9% for the preceding full year. Part of the higher U.S. market share in 1964 is explained by the single sale of a $6.7 million jet airplane to Air Afrique. Another jet aircraft sale is expected this year and will once again tend to exaggerate the trade figures.

Since becoming an independent state in 1960, the Ivory Coast has had both political stability and economic prosperity. With a per capita income of just under $200, the Ivory Coast enjoys one of the highest per capita incomes in Africa.

The Government's Economic Development Plan, which originally mapped out the economic goals from 1960-70, has been extended through 1975. Plans are for GDP to rise from the 1960 figure of $540 million to $1,088 million in 1970 and $1,476 million in 1975.

Yearly public and private investment targets call for a total investment of $216 million by 1970. Agriculture, fishing, livestock, and forestry will receive 10.5% of the total; industry and services, 39%; basic economic facilities, 30.3%; and social and cultural facilities, 20%.

Under the Plan, the value of imports is scheduled to increase from $148 million in 1960 to $359 million by 1975—in 1964 it had already reached $239 million—and imports of machinery to increase from 17% of the 1960 import total to 31% of total 1975 imports.

Good prospects

To achieve these goals high levels of foreign private investment are needed. Generally the goals set forth in the Development Plan have been reached, and prospects remain good.

Since the Ivory Coast has stated its interest in broadening its trade with the U.S., and since it has continued over the years to earn a surplus of U.S. dollars, opportunities for U.S. export sales are promising.

Another factor favoring U.S. export sales to the Ivory Coast is the fact that half of all planned investment, public and private, through 1970 will be applied to basic economic projects such as roads, housing, electric power, education, port development, and railways—areas where U.S. products are particularly competitive in price and quality.

Import substitute industries for processing, conditioning, and assembling operations also present good export opportunities for U.S. capital goods and equipment. Particularly attractive in this regard are the following industries: petroleum, sugar, textiles, vehicles, pharmaceuticals, and tires.

Prospects for U.S. investment in the Ivory Coast are particularly good in the following areas: electric power, rubber plantations and related industries, sugar refining, paper pulp and products, tuna canning, fish freezing and cold storage, pineapple canning, chemicals (fertilizers and pesticides), air-conditioners and refrigerators, tourist hotels, and mineral research and exploration.

Other opportunities lie in the fast-growing poultry and dairy industries and also in the production of soybeans. The Government is particularly encouraging investments near secondary cities in the interior.

The Ivorian Government is prepared to assist certain infant industries with import protection. It will also give priority treatment to new industries which fit into the Ivory Coast Development Plan.

Priority treatment involves tax holidays on imports of machinery and raw materials and on some business profits; it also means a reduction of export taxes.

Potential traders and investors will find a comprehensive coverage of the Ivorian economy and outlook in the recent publication, *Market for U.S. Products in the Ivory Coast*, available for 65¢ through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or through all U.S. Department of Commerce Field Offices.

Liberia

Gradual economic upswing creates moderately good trade prospects

By BRADFORD W. MILLER, Jr.
Africa Division, BIC

U.S. exports to Liberia

January-December 1965 $39 million

U.S. imports from Liberia

January-December 1965 $51 million

Liberia's chief imports from the U.S.:
Rice, ships and boats, road motor vehicles, construction and mining machinery, motor vehicles and tractor parts and accessories, mechanical handling equipment.

Liberia's chief exports to the U.S.:
Rubber, iron ore, coffee.

Prospects for U.S. exports to Liberia in 1966 are moderately hopeful. In 1965, total Liberian exports rose while imports declined, reflecting the tight financial situation of the Liberian Government, restricted commercial credit, and a generally low level of economic activity. Following a "bottoming-out" period in recent months, the Liberian economy now seems to be making slow but steady progress upward. Caution, however, is warranted, since the effects of the over-expansion in 1961-62 are still being felt.

Further economic progress depends on the Government's continuing its conservative fiscal policy, maintaining the planned level of foreign investment, and the stability of world market prices for the chief Liberian export earners: iron ore, rubber and coffee.

The gradual upswing in economic activity has been reflected in the overall growth of Liberia's foreign trade. Provisional figures for 1965 show a favorable trade balance of $69.7 million. This will mean a balance of trade surplus for the second consecutive year.

Exports rose strongly from $125.6 million in 1964 to $174.2 million in 1965; while imports fell slightly from $111.1 million to $104.5 million. Prospects are that continued increases in retail sales, which have been steadily expanding over the last several years, should result in higher imports in 1966.

However, the full effects of a readjusted import tariff schedule imposed in the first quarter of 1966, which set off moderate retail price hikes, remain to be fully gauged.

Less favorable

Overall, Liberia's balance of trade for 1966 should be less favorable than in 1965, but will probably still show a surplus. The balance of payments, however, is complicated by substantial outflows of repatriated foreign capital in the form of profits and of foreign exchange used for debt servicing.

U.S. exports to Liberia, based on U.S. Bureau of Census statistics, were $35 million in 1964 and $39 million in 1965. For the first four months of 1966, U.S. exports stood at $14 million, which was $2.5 million higher than in the same period of 1965. Comparison between the early months of 1966 and 1965 is, however, of limited value due to last year's dock strike.

American traders have many built-in advantages in the Liberian market. U.S. goods are well known to the Liberian consumer for their high quality standards, and many American firms and product lines have been long established in Liberia and enjoy a good reputation. Also, the American dollar is the commercial medium of exchange.

However, competition is keen. Other trading nations, especially the European nations and Japan, have been increasing their share of the market. Offering a good product at competitive prices with suitable service and credit arrangements has been the basis for successful competitive sales, no matter what the nationality of the seller.

Plentiful opportunities

Opportunities for U.S. exports are widespread. Items related to the development of the basic economy, to import substitute industries, and to major processing enterprises with export potential are good prospects for U.S. export sales. Foodstuffs, chiefly milled rice, constitute a large portion of overall Liberian imports.

Items such as motor vehicles and parts, construction and mining equipment, tractors, airplane and ship parts, and heavy duty power equipment are in considerable demand.

The best opportunities for American traders rest outside the area of the small, inelastic consumer goods market, which has, at the present level of the economy, already reached a near saturation point. The prospect of further enlargement of sales in this sector of the market is relatively poor.

However, prospects for sales in such lines as building materials and construction equipment are better, and the potential opportunities for U.S. suppliers of food-processing machinery are particularly bright in the light of Liberia's policy of promoting the establishment of processing plants for agricultural products.

While consumer imports have risen steadily, they show more marked rises when the level of Liberian investment activity is high. An even higher correlation between imports and investment activity is demonstrated for imports of machinery, vehicles and other manufactured goods.

Widest latitude

Liberia's "open door" investment policy, including the absence of restrictions on capital transfers out of the country, allows the widest latitude for the investment of foreign capital. The passage of the Investment Code in April was an important step forward in spelling out official investment policy to be followed by the Government.

The major incentives offered potential investors under the Code are: exemption from income taxation for specified periods up to 10 years; and exemption from payment of customs duties and other taxes on imported raw materials, capital equipment, and construction materials required for the investor's facilities and production.

Other incentives which may be granted include tariff protection, loans and contributions of equity capital by the Government, technical assistance, and the opportunity to lease land in the Government-owned industrial park.

Also of interest to investors are studies prepared by the Liberian Development Corporation, a Government agency, detailing specific projects in which foreign capital would be particularly welcome. Studies for a soluable coffee plant, a pharmaceutical plant, a palm kernel oil plant, and a vegetable oil refinery are now available.

Libya

U.S. failure to grasp non-petroleum market exposed soft spot in trade race

By ROGER F. STECHSCHULTE
Africa Division, BIC

The outlook for increased U.S. exports to Libya is very bright for the second half of 1966. Libya's imports are rising rapidly and should continue to do so.

This favorable outlook is contributed to by increasing expenditures for goods and services by the Government, rising purchasing power in urban centers, and increasing oil concessions. Add to this Libya's liberal tariff policy and the market looks very promising. Competition is keen and export sales are not necessarily there for the taking.

Total imports rose by 115% between 1961 and 1965, increasing by 9.6% in 1965 alone. When imports totaled $320.3 million as against $292.3 million in 1964.

Purchases by the non-petroleum sector of the economy increased significantly in 1965 but petroleum sector purchases dropped as oil exploration activity stayed at a low level throughout the year. Manufactured goods, including machinery and transport equipment, represented a 74% slice of total imports.

Exports jumped from $700 million in 1964 to $796 million in 1965, an increase of 13.7%. The jump in exports was entirely due to increased oil production made possible by additional pipelines and the opening up of new oil fields. Petroleum accounted for 99.4% of total exports.

Imports from the U.S. ran counter to the overall 1965 import trend, decreasing from $67.8 million in 1964 to $54.6 million in 1965. (It may be noted that there is ordinarily some variation between Libyan figures, which are used in this article, and U.S. trade statistics, given in the overall summary article on Africa). Most of the decrease was caused by the drop in imports of U.S. supplies and equipment for the oil industry which fell from $45.7 million in 1964 to $35 million in 1965. This substantial loss clearly exposed the soft spot in the U.S. position in the local trade race. For the past four years, roughly two-thirds of the U.S. sales to Libya went to the oil industry. When this petroleum-sector market contracted in 1965, the U.S. failed to make compensating gains in the non-petroleum sector. In fact, the U.S. sustained a $2.5 million decline in the non-oil market owing to intensified competition by traditional and other suppliers and continued disinterest in the Libyan market by many U.S. firms.

Recognizing the great market potential existing in Libya, the U.S. Department of Commerce is sending a trade mission to Libya in November. (See INTERNATIONAL COMMERCE, June 20, 1966).

Financially, Libya is in a very favorable position. Oil revenues in 1965 were in the neighborhood of $250 million, almost double the figure for 1964, and another substantial rise is expected this year. Gold and foreign exchange holdings at the end of 1965 were estimated at close to $240 million. Purchasing power is strong in spite of inflationary pressures. Finally, a once chronic trade deficit has been replaced by a sizeable surplus.

Long road to development

Libya is, however, a long way from becoming a developed country. Agriculture is particularly in need of help and much must still be done in urban, infrastructure, and industrial development. Current administrative practice requires that 70% of Libya's petroleum revenues be employed for economic development. The 1963-68 Five-Year Development Plan, presently valued at $700 million, was drawn up to channel the funds into specific projects. So far, the major share has been allocated to basic public works.

One of the most promising areas for U.S. sales and investment is in the construction field. Within the last year there has been a dramatic upsurge in construction activity. This increase is expected to continue at an accelerated tempo well into the foreseeable future. For the immediate future, approximately two-thirds, or $166.3 million, of the 1966-67 development budget will go toward design and construction. The largest single project in the budget is the first phase of the Idris housing development project which calls for expenditures of $70 million for the construction of 10,000 houses. The private sector, too, is occupied with plans for construction of commercial buildings, apartment houses, and other private and rental housing. There are also projects planning luxury hotel complexes and a string of motels. The high market potential for a wide variety of construction equipment, materials, and supplies is evident.

Under the Five-Year Development Plan, Libya has assigned high priority to the revival of agriculture through land reclamation and irrigation together with infrastructural improvements in rural areas. The program aims at increased production as well as development of agriculturally-based industries. Demand for agricultural machinery, equipment, farm implements, insecticides and pesticides continues to mount. During 1965, increases were registered in imports of tractors, harvesting machinery, soil cultivators, fertilizers and insecticides.

Other product categories with potential are school equipment and supplies, including modern audio-visual teaching aids, sewage purification equipment, and medium priced ready-made clothing for men, women, and children.

A few U.S. firms are already taking advantage of the opportunities in Libya. Recently, two U.S. companies received contracts for regional planning involving over half of the country. Another firm is surveying the industrial possibilities in packaging, glass and paper manufacturing, and machine assembly, and a U.S. firm was recently chosen to survey the natural gas resources of the country.

Libyan Imports, 1965

Total imports	$320 million
From U.S.	$ 55 million
U.S. share	17%

Libyan Exports, 1965

Total exports	$796 million
To U.S.	$ 26 million
U.S. share	3%

Libya's chief imports from the U.S.:
Construction and mining machinery, pumps, electrical machinery, road motor vehicles.

Libya's chief exports to the U.S.:
Crude petroleum.

Morocco

Scarce foreign exchange reserves cloud import prospects, especially luxury items

By ROGER F. STECHSCHULTE
Africa Division, BIC

Moroccan Imports, 1965

Total imports	$453 million
From U.S.	$ 54 million
U.S. share	12%

Moroccan Exports, 1965

Total exports	$430 million
To U.S.	$ 7 million
U.S. share	2%

Morocco's chief imports from the U.S.:
Wheat, vegetable oils, wheat flour, construction and mining machinery, animal oils.

Morocco's chief exports to the U.S.:
Manganese, zinc, agar agar, barium.

The outlook for U.S. exports to Morocco is uncertain. Although U.S. exports rose significantly in 1965 as compared to 1964, this was caused primarily by Government transactions. Total Moroccan imports, responding to official policy, declined.

Trade prospects are clouded by Morocco's still scarce foreign exchange reserves, especially dollars. At the end of November 1965 reserves amounted to $84.6 million, a great improvement over the level during the 1964 crisis but still only enough for nine weeks of imports. The end of the U.S. supporting assistance program, which was used to finance many of the non-Public Law-480 imports from the U.S., will undoubtedly cause a drop in U.S. sales to Morocco in the second half of 1966.

The continuation of the Government's policy of discouraging imports, especially of non-essential or luxury consumer goods, will also have a depressing effect on imports from the U.S. On the other hand, modernization and extension of mining activity, continued promotion of industrial investment, and participation by U.S. companies in the development of tourism will be partially offsetting factors.

Morocco ended 1965 with a trade deficit of $22.8 million. Total imports for the year were valued at $452.9 million and exports at $430.1 million compared with $460 million worth of imports and $432 million worth of exports in 1964. The drop in imports in 1965 reflected the Government's austerity program, which aims at conserving foreign exchange by discouraging non-essential imports. The slight drop in exports was due to a large decrease in canned fish sales and a dip in phosphate exports which were not completely covered by increases in fruit and vegetable exports.

U.S. exports to Morocco, based on U.S. Bureau of the Census statistics, rose from $37.2 million in 1964 to $55.3 million in 1965, a 49% increase. (It may be noted that there is normally a slight variation between U.S. trade statistics and Moroccan figures, which are given at the top of the page.) Most of the 1965 increase in U.S. exports was due to increased PL-480 shipments and approximately 78% of the 1965 figure consisted of PL-480 food shipments. According to Department of Agriculture figures, the U.S. shipped $43 million worth of surplus agricultural commodities to Morocco in 1965, mostly wheat, flour and vegetable oil. This left approximately $12.3 million of commercial exports, part of which was financed by supporting assistance loan funds. The most significant changes in the composition of U.S. commercial exports to Morocco in 1965 were a substantial increase in industrial equipment and a sharp drop in non-food consumer goods.

Irregular growth

Morocco's Gross National Product has been growing in recent years but at an irregular rate. Overall GNP is growing at approximately the same rate as population increase, so that there is little if any improvement in per capita GNP. Fluctuations in the GNP growth rate generally reflect ups and downs in agricultural production. The drought in Morocco during the past six to eight months dimmed the outlook for the 1966 harvest. A poor cereal crop could cut sharply into rural purchasing power and affect other sectors of the economy. The significance of this for Moroccan trade is that scarce foreign exchange will have to be allocated for food imports, requiring a cutback in other import areas, probably in non-food consumer goods.

On the other hand, the Government's continuing encouragement of investment, both domestic and foreign, should open up some opportunities for exports of industrial equipment. Promising equipment lines include textile machinery, machinery for the food processing industry, and metallurgical machinery. Similarly, the promotion of tourism, one of the priority sectors of the current Three Year Plan, should create a market for hotel equipment and accessories. The U.S. should be able to capture a part of this market because American firms are becoming involved in Morocco's booming tourist industry.

The planned expansion and modernization of mining operations is another development that can undoubtedly be taken advantage of by U.S. exporters. A recent $24 million Export-Import Bank loan to Morocco for phosphate mining development will generate substantial equipment needs as should the expansion of other mining operations. Other commodities that should offer possibilities for increased sales are synthetic yarn and fabric, and chemicals, including pharmaceuticals, pesticides, disinfectants, and certain nitrogen-based fertilizers.

The U.S. plans a trade and investment mission to Morocco in early December, (See INTERNATIONAL COMMERCE, June 20, 1966). The mission will help identify those specific commodities and investment projects which are believed to offer the greatest potential for U.S. firms.

Moroccan tariffs apply equally to all countries. However, in regard to licensing France enjoys a preference in that licenses are not required on imports from France which are not otherwise subject to quotas. Generally, Moroccan tariffs are higher on non-food consumer and luxury items and lower on industrial, mining, agricultural, and other capital equipment.

Moroccan negotiations with the European Economic Community are still in abeyance. Since the Six have for the most part settled their agricultural differences, discussions with Morocco may be resumed sometime in the near future.

Nigeria

Rising import demand will be sustained by high earnings from petroleum, cocoa

By WILLIAM M. EISENBERG
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Trade between the U.S. and Nigeria in 1966 will continue to increase at a rapid rate. Higher Nigerian earnings of foreign exchange from petroleum exports and an improved cocoa market can be expected to sustain a rising import demand in the coming months.

Implementation of the second half of the Six Year (1962-68) Development Plan, expansion of the petroleum and related petro-chemical industries, and purchases of plant and equipment for the rapidly growing industrial sector will generate a strong market for manufactures.

Official national account estimates, expressed in current prices, show that gross national product for the April 1, 1964-March 31, 1965 Nigerian fiscal year reached a record level of $4.25 billion, a growth rate of 5% over the previous year. Unofficial preliminary estimates for the fiscal year which closed on March 31, 1966 also claim a 5% growth rate.

The present mood in the Lagos business community, in the face of the change in Government early this year, is one of cautious optimism.

Nigeria's global imports for the first quarter of 1966 were $183 million compared to $198 million in the same period of 1965. This decline, reflected mainly in consumer commodities, stems from recent Government restrictions on non-essential imports and a growing domestic manufacturing sector which is supplying an increasing share of the domestic market.

Global exports of Nigerian goods in the first three months of 1966 were valued at $190 million compared to $170 million for the same period in 1965. These figures—$183 million in imports and $190 million in exports—indicate a $7 million surplus on trade account for the first quarter. Re-exports of foreign merchandise are excluded from this calculation.

U.S. exports to Nigeria, based on U.S. Bureau of Census statistics, for the first four months of 1966 were $27.3 million compared to $16.5 million in the same period last year. Comparability between the early months of 1966 and 1965 is, however, limited due to last year's dock strike.

U.S. imports from Nigeria were valued at $21.2 million for the first four months of 1966 compared to $8.8 million in the same period last year.

The U.S. increased its share of the Nigerian import market to 12% in 1965 from 11% in 1964. While the United Kingdom's share remained at 31%, the European Economic Community's rose from 23% to 25% and Japan's fell from 12% to 9%.

To strengthen the U.S. position in the Nigerian market, the Department of Commerce is organizing a Trade and Investment Mission to Nigeria. The Mission, scheduled for Oct. 15-Nov. 12, will be particularly alert to sales opportunities for food processing and packaging machinery; construction equipment and materials; agricultural equipment; industrial equipment and metalworking machinery; and consumer goods. The Mission will also investigate investment opportunities.

Planning projects

The Government has taken steps to implement the second half of the 1962-1968 Development Plan. New projects containing a foreign goods and services component of approximately $442 million are being planned. A breakdown by sector of the foreign procurement component follows:

Power, $223 million; transport, $74 million; agriculture, $71 million; communications, $36 million; water supply, $17 million; industry, $8 million; health, $6 million; housing, $5 million; sewage and education, $1 million each.

Many of these projects are in the pre-feasibility study stage and they, therefore, offer opportunities for U.S. consultants and engineers.

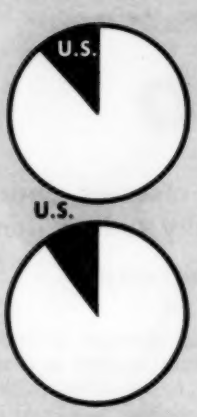
Recent market research indicates a strong demand for general machinery (non-electric); textile machinery; heating and cooling equipment; food processing equipment; gas turbines; telecommunications equipment; insecticides; fungicides and disinfectants; and steel plates. Sales potential also exists for ready-made clothing and accessories; medicaments; and lighting fixtures and lamps.

The private sector is spearheading the drive toward the development of a significant manufacturing base. A recent industrial survey for 1963 (the latest year for which detailed information is available) indicates, for the 649 reporting firms, a gross industrial output of $382 million (at 1963 prices) and a value added of $153 million. A ranking of the larger industries by value added is beer brewing, food preparation, motor vehicle repairs, textile manufactures, vegetable oil milling, saw milling and cement, metal products, chemicals, and rubber products.

Expansion of manufacturing capacity continues apace, with recent announcements for nine future projects and the actual initiation of seven projects. Included in the planned activities are synthetic fibre weaving; radio assembly; and manufacturing of plastics, razor blades and agricultural tools.

This industrial growth has had direct effects on the commodity structure of Nigeria's imports.

In 1965, total crude petroleum production reached a level of 100 million barrels with a daily production rate of almost 350,000 barrels. At the end of this year, the daily rate is expected to exceed 400,000 barrels, placing Nigeria among the world's top 10 petroleum producers.



Nigerian Imports, 1965

Total imports	$770 million
From U.S.	$ 92 million
U.S. share	12%

Nigerian Exports, 1965

Total exports	$737 million
To U.S.	$ 73 million
U.S. share	10%

Nigeria's chief imports from the U.S.:
Steel pipes and fittings, oil field equipment, unmilled wheat, lube oils and mechanical handling equipment.

Nigeria's chief exports to the U.S.:
Cocoa beans, crude petroleum, tin, crude rubber, goat and kid skins.

South Africa

Government measures check inflation but restrictions on spending remain

By BARBARA HUDDLESTON
Africa Division, BIC

U.S. exports to South Africa are likely to maintain present levels during the second half of 1966, despite the overall decline in the level of imports and the uncertain political situation.

Capital goods and equipment continue to be the most important product market for the U.S., and expansion plans of the manufacturing sector should offer American businessmen increased opportunities in the country's market.

The Government adopted restrictive monetary and fiscal policies in August 1965 to dampen an inflation which was driving up prices, stimulating a rapid increase in imports, and drawing down gold and foreign exchange reserves. The effect of these measures began to be felt by the fourth quarter of 1965, and the inflation appears to have been checked for the time being, although South African economists are still very much aware that inflationary pressures still exist.

Although the level of economic activity has remained high throughout 1965 and into 1966, the growth rate for 1965 is estimated at 5%, compared to 6.3% reached in 1964. Gross domestic product was valued at $11,033 million in 1965. Exports have been increasing slightly, even though a prolonged drought has caused a decline in agricultural production. Merchandise imports, on the other hand have been declining, and the balance of payments deficit on current account, which amounted to $593.6 million in the second quarter of 1965, came to only $33.6 million in the fourth quarter. A net inflow of capital amounting to $131.6 million in 1965, mostly short-term credits, including short-term borrowings on official account also contributed to the improvement in the balance of payments situation.

Monetary officials do not feel that the economy has yet stabilized enough, however, to permit the restrictions on spending to be removed. The decline in agricultural exports, one of South Africa's three major foreign exchange earning categories, has slowed considerably the growth of total exports, even though exports of manufactured goods are rising rapidly. Furthermore, South Africa cannot count on gold sales to cover balance of payments deficits on current account, as has been possible in the past.

According to South African sources, the value of 1965 goods and services imports came to $3,345 million while exports totaled $1,823 million and net gold output came to $1,085 million during this period, leaving a deficit of $379 million for the year. To eliminate the balance of trade deficit in 1966, officials estimate that merchandise imports must drop by $300 million dollars from the 1965 level of $2,540 million.

U.S. exports to South Africa in 1965, 19% of South Africa's total imports, amounted to $438 million according to U.S. statistics. For the period January through April 1966 U.S. exports to South Africa came to $128.5 million, while the adjusted total for the same period in 1965 amounted to $145.2 million. However, the U.S. share of the total market for both first quarter periods is estimated at 17-18% and is not expected to drop during the rest of 1966. The U.S. position can be accounted for by the fact that the demand of the growth sectors for goods and equipment of which the U.S. is an important supplier has remained high, even though the overall rate of economic activity has been slowing down.

Where demand is

Product lines in which South African demand for imports should continue strong include construction, roadbuilding and excavating machinery; transportation equipment; electrical machinery and equipment; machine tools; and other specialized industrial equipment.

Although businessmen and public officials are anxious to prevent spiraling inflation in South Africa, the public and private sectors are equally interested in sustaining a healthy economic growth rate.

In general, the effect of credit restrictions on industrial expansion has been to spread out investment over longer time periods, but not to prevent new projects from going forward.

To make projections and establish guidelines for economic growth, the Government prepared an Economic Development Program for 1964-69 which envisaged an average annual growth rate of 5½% during the Program period and reviewed growth prospects for 32 sectors of the economy. The first revision was published last January.

South Africa's emphasis on economic expansion is a reflection of the Government's concern about the international climate of opinion regarding the country's policy of apartheid. Uncertainty about the possible consequences of a mandatory judgment expected to be rendered sometime this year by the International Court of Justice on South Africa's administration of South West Africa, and the outcome of the present situation in Southern Rhodesia, has caused the Republic to stress the importance of achieving economic self-sufficiency as soon as possible.

It is estimated that if annual savings amount to 13 or 14% of net national income, private consumption expenditure increases do not exceed 2.6% per annum, and productivity bottlenecks do not develop, South Africa would be able to achieve the targets projected in the development program without utilizing external resources other than export earnings. The major internal problems facing South Africa in its drive toward self-sufficiency are the shortage of skilled labor which is likely to become more acute as the level of industrial sophistication rises, and the potential instability of the balance of payments situation.

South Africa's Imports, Jan.-Sept. 1965

Total imports	$1,914 million
From U.S.	$ 361 million
U.S. share	19%

South Africa's Exports, Jan.-Sept. 1965

Total exports	$1,061 million
To U.S.	$ 91 million
U.S. share	9%

South Africa's chief imports from the U.S.:
Machinery and equipment, motor vehicles and parts, chemicals, grains, textiles, lubricants, machine tools.

South Africa's chief exports to the U.S.:
Uranium, diamonds (gem and industrial), metal ores, shellfish, wool, sugar.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Country	1964 Imports			1965 Imports January through latest month			
	From world (million dollars)	From U.S. (million dollars)	U.S. share %	Latest month	From world (million dollars)	From U.S. (million dollars)	U.S. share %
Ireland	974	74	7.6	Dec.	1,041	84	8.0
Netherlands Antilles	784	88	11.2	June	381	43	11.3
Portugal	776	81	10.4	Dec.	896	72	8.0
Trinidad and Tobago	423	60	14.1	Dec.	475	80	16.9
Ceylon	415	11	2.7	Dec.	310	12	3.8
Iraq	413	56	13.6	Sept.	333	38	11.4
Rhodesia (Southern)	346	23	6.8	Sept.	290	19	6.6
Ghana	340	30	8.9	Nov.	405	37	9.1
Kuwait [1]	322	58	18.0	Dec.	377	77	20.4
Viet-Nam, Rep.	298	126	42.4	Nov.	318	145	45.7
South Arabia, Fed. of (Aden)	297	5	1.8	June	156	3	1.7
Jamaica	282	87	30.9	Dec.	295	90	30.6
Sudan	274	20	7.2	Oct.	168	12	7.3
Burma	270	26	9.5	Dec.	247	17	6.7
Tunisia	248	25	10.2	Dec.	246	40	16.2
Zambia	247	13	5.1	Aug.	219	13	6.2
Syria	235	15	6.2	Dec.	213	15	6.8
Uruguay	198	31	15.4	Dec.	151	20	13.6
Senegal	172	9	5.2	Nov.	150	5	3.4
Ecuador	169	78	46.4	Dec.	171	70	41.2
Angola	164	14	8.7	Dec.	195	15	7.9
Mozambique	156	6	3.7	Oct.	139	5	3.7
Jordan	150	31	20.9	Dec.	157	23	15.0
Malagasy, Rep.	136	6	4.5	Dec.	138	6	4.4
Iceland	131	16	11.9	Dec.	137	17	12.4
Cameroon [2]	116	5	4.2	Dec.	134	8	6.0
Cyprus	105	6	5.9	Dec.	144	5	3.2
Bolivia	103	53	51.4	Sept.	96	42	43.4
Bahamas	101	62	62.0	[3]	[3]	[3]	[3]
Sierra Leone	99	5	4.9	Dec.	108	15	14.3
Malta	97	3	2.8	Dec.	98	2	2.4
Reunion	89	1	0.6	Dec.	97	1	0.7
Guyana [4]	87	20	22.5	Dec.	104	26	24.5
Cambodia	82	4	4.9	Nov.	94	3	3.2
Mauritius	80	2	3.1	June	39	1	3.6
Guadeloupe	79	5	6.2	Dec.	85	6	7.5
Martinique	79	4	4.5	Dec.	91	7	7.4
Congo, Rep. (Brazzaville)	65	3	5.1	Sept.	48	3	6.1
Barbados	64	10	16.2	Dec.	67	10	15.7
Bermuda	59	27	46.1	Dec.	59	28	47.0
Malawi	45	1	2.2	[3]	[3]	[3]	[3]

Note: In order to present comparable statistics for all countries, import data have been adjusted from an f.o.b. to a c.i.f. valuation for Ecuador, Netherlands Antilles, Malawi, Rhodesia (Southern), and Zambia.

[1] Excludes oil company imports.

[2] Data refer to East Cameroon only.

[3] Not available.

[4] Formerly British Guiana.

Sources: Official trade statistics of listed countries.
International Monetary Fund, *International Financial Statistics.*

U.S.-Japanese meeting treats investment issue

Three-part proposal made, Connor asks liberalization

Assurance by the Japanese Minister of International Trade and Industry that the Japanese Government intends to liberalize investment procedures was a highlight of recent American-Japanese consultations.

The cabinet-level Joint U.S.-Japan Committee on Trade and Economic Affairs, concluding its fifth annual meeting in Kyoto July 5-7, stated that the sessions "had contributed to understanding between the two countries and to a strengthening of their relations," and agreed in its communique to meet next in the U.S.

The investment liberalizations referred to by the MITI Minister had three aspects: 1) joint ventures involving more than 50% foreign participation will be approved "on a case-by-case basis"; 2) the screening period for investment applications will be shortened to about one month; 3) authorization for approval of licensing agreements will be delegated to the Bank of Japan.

Wide range

The meeting covered a wide range of topics, including the economic situation in Japan and the United States; developments in trade and economic relations between the two countries; developments in international trade and economic relations such as the Kennedy Round negotiations and East-West trade; and cooperation in the economic development of less-developed countries.

Following the Committee sessions, Secretary of Commerce John T. Connor, who was a member of the U.S. delegation, addressed a Tokyo meeting of the American Chamber of Commerce in Japan and the Japan-America Society.

Mr. Connor, noting his concern with some of the difficulties currently facing American business in Japan, said that "The United States not only allows, we invite and even assist direct Japanese investment in our country."

But, he continued, "I don't need to tell you people how different the situation is here in Japan with respect to new

equity investments by an American company, or applications for renewals of licensing agreements or additions to existing equity investment. Quite frankly, this treatment of American corporations is an increasingly serious irritant to the U.S. business community and is detracting from the otherwise healthy commercial relationships with Japan."

The Secretary also stated that the United States appreciates the rapid and steady progress that Japan has made in liberalizing import controls in the early 1960's, "but we are concerned because liberalization actions since 1964 have been few, despite several significant items liberalized over the past year."

He added: "We believe that the present state of the Japanese economy, the position of Japan in the international community, the remarkable growth of Japanese sales in the U.S. market, and the needs and interests of Japan's own producers and consumers, all argue for a completion of the liberalization program that Japan undertook in the early 1960's."

Mr. Connor did indicate that "we have a nice thing going here for both of us, and the United States, for one, is extremely reluctant to do anything that will upset the apple cart." However, he added, "we are equally determined to hold to the principles of equity and reciprocity, positively or negatively, whichever is called for."

Referring to the annual meetings of the Joint U.S.-Japan Committee, the Secretary noted that these sessions are "proof that we share not only common concerns and responsibilities, but also common opportunities for economic progress." He observed that in this year's meeting, "perhaps more so than in the past, we have made measurable progress in reconciling those relatively slight differences of perspective which have continued to hamper, but by no means harm, the growing closeness and expansion of our relations."

Indeed, Mr. Connor said, "the most significant fact to come out of our meetings and one which is a cause for great satisfaction, is the remarkably few bilateral issues on which there is need for hard negotiation, compared to the magnitude and importance of the economic relations between us."

Secretary of State Dean Rusk, who headed the U.S. delegation, emphasized in Committee sessions that the Committee's greatest strength was "its ability to meet change."

Mr. Rusk commented: "As economic problems between our two countries have loomed less large, the Joint Committee has increasingly shifted its attention to the effect of our economic policies on international peace and political stability. Japan and the United States have a common interest in these goals for we both realize the future security and well-being of our citizens are dependent in large measure on them."

Conversion values of European currencies

By PAUL A. MAYER
Bureau of International Commerce

The accompanying table shows the value of the dollar in terms of principal European currencies and, conversely, the value of these European currencies in terms of dollars as well as in terms of all other European currencies listed.

The table can be used "both ways"—to show not only the amount of foreign currency that can be bought for one dollar, but also the amount of dollars which can be bought for one unit (or multiples of one unit) of a given European currency. For example, line 1 (United States) shows that $1 buys 7 shillings and 2 pence, and line 7 (Great Britain) that £1 buys $2.80.

Readers interested in transactions between, say, the United States, France and Germany, will find the following pertinent data: 1 U.S. dollar buys 4.90 French francs or 4 Deutschmark (line 1); 100 French francs buys $20.41 or 81.50 Deutschmark (line 5); 100 Deutschmark buys $25 or 122.50 French francs (line 6).

The table is to serve merely as a rough desk tool. For close financial calculation, up-to-the-minute information should be obtained from banks or other financial institutions specializing in foreign exchange.

Country	Currency units	Value in		$	$	Bfrs	Dkr	Ffrs	DM	£ sh d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
United States	Dollars	$	1	★★	25.32	50.00	6.91	4.90	4.00	–. 7.2	625	3.60	7.15	28.50	60	5.17	4.32
Austria	Schillings	$	100	3.95	★★	197.50	27.30	19.35	15.80	1. 8.2	2,470	14.25	28.25	112.85	237	20.40	17.06
Belgium	Belgian francs[1]	Bfrs	100	2.00	51.00	★★	13.90	9.80	8.00	–.14.3	1,250	7.20	14.35	57.50	120	10.30	8.65
Denmark	Danish kroner	Dkr	100	14.50	366.00	722.75	★★	70.90	57.80	5. 3.–	9,035	52.20	103.35	412.00	870	75.00	62.50
France	French francs	Ffrs	100	20.41	515.75	1,020.00	140.75	★★	81.50	7. 5.6	12,730	73.55	145.70	580.50	1,225	105.50	88.00
Germany	Deutschmark	DM	100	25.00	633.00	1,250.00	173.00	122.50	★★	8.18.9	15,625	90.00	179.00	712.50	1,500	129.25	108.00
Great Britain	Pounds[2]	£	1.–.–	2.80	70.90	140.00	19.30	13.72	11.20	★★	1,750	10.10	20.00	80.00	168	14.45	12.10
Italy	Lire	Lire	1,000	1.60	40.50	80.00	11.00	7.85	6.40	–.11.5	★★	5.75	11.45	45.60	96	8.27	6.90
Netherlands	Holl. florins	Hfl	100	27.75	701.50	1,385.00	191.00	136.00	110.25	9.13.–	17,320	★★	198.30	792.00	1,660	143.00	120.00
Norway	Norw. kroner	Nkr	100	14.00	354.00	700.00	96.50	68.50	56.00	5.– .–	8,750	50.40	★★	400.00	840	72.25	60.50
Portugal	Escudos	Esc	100	3.50	88.60	175.00	24.20	17.20	14.00	1. 5.–	2,200	12.64	25.00	★★	210	18.15	15.15
Spain	Pesetas	Pts	100	1.68	42.54	84.00	11.60	8.25	6.72	–.12.–	1,050	6.05	12.00	48.00	★★	8.70	7.25
Sweden	Swedish kronor	Skr	100	19.35	490.00	967.00	133.33	94.80	77.00	6.18.3	12,100	70.00	138.30	551.00	1,160	★★	83.50
Switzerland	Swiss francs[3]	Sfrs	100	23.17	586.50	1,158.00	160.00	113.50	92.20	8. 5.6	14,475	83.50	165.50	660.00	1,390	119.75	★★

[1]Used also in Luxembourg. [2]Used also in Ireland. [3]Used also in Liechtenstein.

EXHIBITION BRIEFS *WORLDWIDE*

Briefs are condensed from the reports of U.S. commercial officers on-the-spot. They are meant to stimulate investigation of likely markets and to show the scope of opportunities for U.S. product demonstrations and sales. The more detailed full reports are available. Only exhibitions showing international goods are listed.

Write: Office of International Trade Promotion, Department of Commerce, Washington, D.C. 20230.

MILAN SAMPLES FAIR, April 14-25. 13,818 exhibitors including 3606 foreign exhibitors from 87 countries in a wide variety of merchandise. 303 AMERICAN EXHIBITORS, down from 362 in 1965, strongest in electrical and electronic equipment, office machines, construction equipment and chemical and pharmaceutical products and equipment. Attendance (trade and public) 3,750,000 with 111,431 from other nations, mostly European. No sales figures but exhibitors generally satisfied.

AMSTERDAM FOOD AND BEVERAGE, April 25-29. 876 exhibitors from 36 countries. 58 AMERICAN EXHIBITORS IN A COLLECTIVE EXHIBIT. Attendance 36,000 from 33 countries. No overall sales figures but $600,000 in orders were written in the collective U.S. exhibit. Exhibitors generally satisfied. U.S. exhibitors highly satisfied. Next fair, April 1968.

GENOA INTERNATIONAL FLOWER SHOW, April 30-May 8. 400 exhibitors from 17 countries in horticultural and associated products. 2 AMERICAN EXHIBITORS. More than a million flowers and plants. Attendance (trade and public) 360,000, more than 50,000 from other countries. No sales figures. Next fair, 1971.

AUTOVAK EXPOSITION IN AMSTERDAM, May 9-14. 119 exhibitors from 14 countries, in garage equipment. 72 AMERICAN EXHIBITORS. Attendance (trade only) 18,608, from several countries, up 22%. No sales figures but exhibitors were satisfied. American garage equipment is extremely well liked by the trade in Europe. Next fair, Spring, 1968.

Expert assesses German hospital needs; opportunities provided for U.S. companies

Increasing demand for hospital care leads to shortage of beds, personnel; German leader sees need for $750 million in modernization investment

Full scale follow-up in the German market by U.S. hospital equipment and supply manufacturers has been recommended as an aftermath to the U.S. exhibition at Stuttgart, Germany's INTERHOSPITAL trade fair in May.

U.S. commercial officers assessing the current market are pointing to a statistical appraisal given by Dr. Fritz Berg, president of the West German Federation of German Industry, which bring out the following facts:

► Over 70% of all the inhabitants of the Federal Republic are now born in hospitals.

► Every second person dies in a hospital.

► As a result of an increasing number of traffic accidents, the number of persons injured and requiring emergency treatment has also grown.

► With an increasing life expectancy, reservations for hospital beds for elderly patients are increasing.

► The demand for hospital care increases each year, particularly since the cost of such care is artificially kept down by the state.

As a result of these heavy, and ever increasing, demands for hospital services, West German hospitals are currently faced with serious human and material shortages. Some 30,000 beds, 20,000 nurses and orderlies, and 30,000 interns are needed.

Dr. Berg reports recommended expenditures of $750 million now for modernization, with an additional $125 million annually to cover primary costs, half again as much as is now invested in West German hospitals each year.

The Federal Republic leads the Western world in numbers of hospital beds per capita, and enjoys a high level of hospital care and service. The Stuttgart exhibition of hospital equipment and supplies demonstrated the German determination to maintain this high quality, and American products were widely seen and approved. U.S. manufacturers with agents in West Germany are now urged to follow through in this proven market.

Sales figures and exhibitor reactions to the Stuttgart exhibit were reported in the May 30 issue of INTERNATIONAL COMMERCE.

Businessman cites importance of Trade Center exhibitions

In a featured address before the International Trade Association of New England recently, Richard C. Jacobs, vice president, Jet Spray International Corp., stressed the importance of U.S. Trade Center exhibiting for small manufacturers interested in international sales.

He also advised the group, at their annual meeting in Cambridge, Mass., on the mechanics of foreign trade show participation with the Department of Commerce, and related the success experienced by his company from showing and selling at four Trade Center shows in 1964 and 1965.

Jet Spray Corp., which manufactures beverage dispensers, has received the President's "E" award for exporting, and a citation from the Commerce Department "for contribution to the success of the Bureau of International Commerce's presentation of official U.S. exhibits overseas in 1964." The company currently distributes its products in 96 countries.

Belgium plans show, seminar on paper, rubber, plastics

American manufacturers in several fields may exhibit their products and profit from related seminars at the International Congress and Exposition on Instrumentation and Automation in the paper, plastics, and rubber industries, Oct. 24-28, in Antwerp, Belgium. Sponsored by the Royal Flemish Engineers Association, the congress will take place at the Antwerp Zoological Society. Belgian co-sponsors of the congress include leading universities, as well as industrial and manufacturing associations.

Official languages at the congress will be English, French, German, and Dutch, with simultaneous translation facilities into English available throughout the seminars. The program includes the reading of technical papers on pertinent subjects, and an extensive exhibition of automation and instrumentation equipment for the subject industries.

Write: Koninklijke Vlaamse Ingenieursvereniging, 58 Jan van Rijswijklaan, Antwerp, Belgium.

Israeli officials lead buyers to U.S. goods at Tel Aviv trade fair

Acting Israeli President Kadish Luz, Minister of Commerce and Industry Haim Zadok, and the mayor of Tel Aviv opened the U.S. pavilion at the Tel Aviv International Trade Fair on June 21, with U.S. Ambassador to Israel Walworth Barbour. The exhibition closed July 9, with high attendance figures reported throughout the 19 days of the show.

Opening day reports counted 6,240 visitors at the U.S. exhibit during the three public hours. By the end of the first day's trade exhibition hours, one Israeli agent for U.S. products had already sold $30,000 worth of equipment.

More than 2,000 trade visitors were expected to attend the U.S. exhibition during the show, many with appointments prearranged by U.S. commercial officers. Meetings with prospective buyers were scheduled for all 31 firms exhibiting at the show, and agency applicants were waiting for those seeking new representation in Israel.

By the end of the first eight days, U.S. exhibitors had sold $250,000 worth of equipment, the largest single sales being three commercial laundry machines at $23,000 each. Attendance continued heavy, with over 100,000 seeing the U.S. pavilion during public hours in the first eight days, and 1,500 local businessmen visiting during the special hours set aside for them.

ISRAELI BUSINESSMAN discusses sales terms with representative of Blackhawk division of Applied Power International (above left). Distinguished visitors to the opening of the U.S. pavilion, (above right) are U.S. Commercial Attache Chester Norris, Jr., Acting Israeli President Kadish Luz, Mrs. Luz, fair director Elishe Almagor, and U.S Ambassador to Israel Walworth Barbour. Automotive testing equipment is explained to interested buyers (below) by Sun Electric Co. representative.

TOOLS FOR DEVELOPMENT, such as the heavy duty power tools of the Skil Corp. (below left), were shown to potential buyers and agents. Versatile industrial and private-use equipment, such as the DeVilbiss Co. display of power spraying devices (below right), attracted much attention among Israelis.

Thais show interest in business machines

Two receptions for Thai government and private industry procurement officials led to valuable sales contacts for the 31 American firms representing 47 manufacturers at the Bangkok Trade Center's exhibition of business machines and office equipment, June 29-July 12.

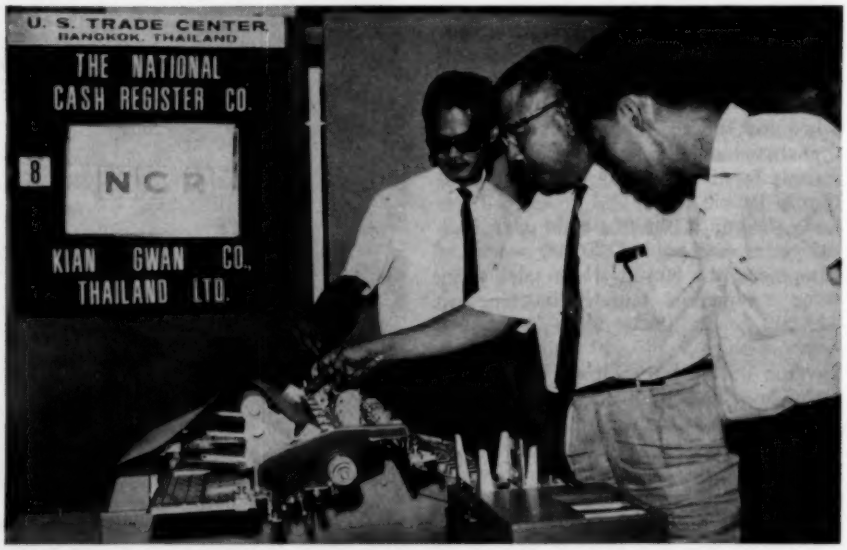
The local agent for Addressograph expects to conclude a $5,000 sale to the Telephone Organization of Thailand as a result of talks with company procurement officers. Friden had sold three pieces of equipment off the floor during the first week of the show, and expected many more direct and indirect sales.

The only two firms without agents in the Thai market at the beginning of the show, Cadillac Engravers and Fairchild Davidson, each had been contacted by at least six local firms seeking representational rights by the end of the first week. Cadillac had signed one agent and expected to sign at least one more, while Fairchild was about to select an agent before the end of the show.

By the end of the show's first week of its two-week stand, firm orders booked by all participants totaled $14,616. Nearly 2,500 visitors had seen the exhibit, with 485 registered trade visitors.

Exhibitors advised that each had made at least 25 significant contacts which they expect to develop into sales. Many firms in the show recommended that it be repeated on an annual basis.

INTERESTED BANK OF THAILAND REPRESENTATIVES arrange with Bangkok representative of Monroe International Corp. for an on-the-job demonstration of new models of Monroe calculating machines.



PRE-PROGRAMMED ELECTRONIC ACCOUNTING SYSTEM by National Cash Register Co. (above) was shown for first time at Bangkok exhibit. Local business school dean discusses machine with company representative Suriyon Raiwa, president of the Thai Board of Trade (below left), and John Geyerman, acting director of the Trade Center (below, second from left), view a Friden automatic typewriter.

EXCELLENT SALES CONTACTS were reported by many exhibitors at the show. President of one of Bangkok's largest banks (left) discusses sale terms for SCM electric typewriters with local agent.

Eight Belgian producers make joint venture, licensing proposals

Seek manufacture of U.S. rubber articles, agricultural machinery, steel office furniture, other products

Eight Belgian companies currently engaged in the manufacture or distribution of products such as agricultural machinery, steel office furniture, ventilators and heating equipment and rubber products are interested in obtaining U.S. licenses or joint ventures to make products related to their basic lines in Belgium.

A manufacturer of rubber articles—tires, latex mattresses and rubber tubing—seeks a license to produce rubber and synthetic rubber articles and glues used in the rubber industry.

Established in 1920, the firm also manufactures plastic tubing and polyethylene and polyvinyl articles. It operates a modern plant and has a branch in France.

Write: Compagnie Bergougnan, Evergem, Rabot, Belgium. WTD.

An agricultural equipment manufacturer seeks to produce additional lines of agricultural machinery through a licensing arrangement with a U.S. firm.

Part ownership possibilities

The company would like to manufacture cultivators, harvesters and threshers, harrows and fertilizer distributors, plus other products in the agricultural equipment field. The firm would also consider proposals involving part ownership in its operation by a U.S. concern.

Write: Van Impe, Usines Edouard de Saint-Hubert, S. C., Orp-le-Grand, Belgium. WTD.

A Belgian manufacturer of steel office furniture and items such as shelves, safes and lockers seeks a license or joint venture to manufacture high quality steel office furniture.

Write: Barro N. V., 72 Jubellaan, Mechelen, Belgium. WTD.

A manufacturer of boilers, bridges and mining equipment seeks a license to produce prefabricated structural supports and standard size tanks. The firm maintains a well equipped machine shop and has approximately 300 employees.

Write: Ateliers Sainte Barbe, N. V., Sinte Barbarastraat, Eisden, Limburg, Belgium. WTD.

A license to manufacture special building bricks, plastic sheeting and resinous mortars for anti-acid mixtures is sought by an importer and wholesaler of all types of plastics materials for the building industry. The company is also a sub-contractor for industrial flooring and wall coverings in anti-acid and anti-hydraulic cements, particularly for the dairy, chemical and brewing industries.

Write: Rocfloor, 295 Afrikalaan, Ghent, Belgium. WTD.

A manufacturer of heating pipes and tubes seeks a license to make heat exchangers, pipe coils and pipe stills for the chemical and petrochemical industries. The company, founded in 1908, currently has 335 employees.

Write: Carnoy-Vandensteen, N.V., 203 Afrikalaan, Ghent, Belgium. WTD.

A firm currently engaged in design, manufacture and installation of axial and centrifical ventilators, heat exchangers, air conditioning units and air filters seeks a license to produce ventilators, oil and gas burners, air conditioning units and dryers for industrial purposes.

Write: E. Coenen, Applications Mecaniques et Thermiques, S.A., 262, Chaussee de Bruxelles, Meslin l'Eveque, Belgium. WTD.

Introduction to EEC

A large Brussels firm seeks to expand operations through a licensing or joint venture arrangement with a U.S. company interested in introducing its products into the Common Market countries.

The concern is particularly interested in the manufacture of prefabricated homes using aluminum and wood and large aluminum or steel containers. It has four plants currently engaged in structural steel work such as manufacture and fabrication of bridges, high pressure pipes and boilers, galvanizing of heavy industrial material and corrosion protection of metals. Extensive manufacturing facilities include numerous machine tools for metallic construction, a finishing shop, and complete forge and stamping section.

Write: R. Warnant, Baume Marpent & Thirion Reunis S.A., 249 Chaussee de Vleurgat, Brussels, Belgium. WTD.

Investment Assistance

Firms responding to investment opportunities listed in this section may wish to inform the Bureau of International Commerce of their action in order that follow-up assistance can be extended where appropriate. Notification can be by postcard or simply a carbon of the letter addressed to the foreign firm. This will insure receipt of additional information as it becomes available.

A (*) following the name of the foreign firm denotes that additional information concerning the proposal is available at no charge by writing BIC-876, Department of Commerce, Washington, D.C. 20230.

WTD indicates that a World Trade Directory Report containing financial and business background information is available on the foreign firm proposing the investment opportunity. Copies are $2 each from the Bureau of International Commerce (BIC-916), Rm. 6323, Department of Commerce, Washington, D.C. 20230.

Special assistance is available to firms wishing to further their own joint venture and licensing interests abroad by calling Area Code 202, WO 7-4065 or by writing BIC-878, Rm. 1520, Department of Commerce, Washington, D.C. 20230.

Chile firm seeks plastic brush, broom manufacture

A Chilean manufacturer of writing ink, sealing wax, and gum seeks a licensing or joint venture arrangement to produce plastic brushes or brooms.

The U.S. participant is asked to provide necessary machinery and equipment.

The firm currently operates from a plant in the industrial area of Valparaiso. It imports resins and aniline dyes and markets its finished products throughout Chile.

Write: Miroslav Stipici Brizic, Avda. Argentina 155, Casilla (P.O. Box) 1457, Valparaiso, Chile. WTD.

Investment potential for Thailand cited in AID brochure

Business climate, industrial resources covered in report

Investment possibilities in diverse industries such as building hardware, industrial chemicals, food canning, pulp and paper, furniture and textiles are described in a new brochure recently published by the Agency for International Development through its Operations Mission in Bangkok on behalf of the Thai Government.

The 54-page illustrated booklet, *Private Enterprise Investment Opportunities in Thailand*, offers information to firms contemplating investment in the country. A section covering Thailand's investment climate discusses the country's industrial resources and facilities, marketing practices, principal business taxes, benefits and privileges under the Promotion of Industrial Investment Act and other subjects of interest to potential investors. The availability of labor, electric power, fuel, water and transportation is covered in some detail.

A section on market and manufacturing opportunities briefly reviews each of 21 industries. The review on hand tools, for example, points out that there is no local production of acceptable quality standards. Some crude tools are produced by hand in small blacksmith shops. Commenting on hand tool imports, the review notes that these increased from $1,308,000 in 1950 to $3,970,700 in 1964.

Imports of tools

A wide range of farm, carpenters', mechanics' and chopping tool peculiar to Thailand and widely used in farm and construction work alone accounted for 1964 imports of about a million units valued at $853,800. The review also lists 1964 imports of 11 specific types of hand tools, notes the growth trend for these implements and touches on the need for a forging shop.

The booklet's appendix is of particular interest. It summarizes Thailand's 1962 Promotion of Industrial Investment Act; describes specific principal business taxes and lists business associations and trade directories; agencies concerned with industrial development; U.S. firms, subsidiaries and affiliates; and corporations engaged in foreign banking and financing. Step-by-step charts illustrate how to get an industry started through the Board of Investment and the procedure to be followed in implementing a new Thai industry.

Prospective investors interested in obtaining a copy of the booklet and additional publications in this field should **write:** The Board of Investment (Private Enterprise Promotion), Mansion 2, Rajadamnern Ave., Bangkok, Thailand, with a carbon copy to: Agency for International Development, USOM to Thailand, Private Enterprise Division, 642 Petchaburi Rd., Bangkok, Thailand.

License to make snack food wanted in Peru

A Peruvian manufacturer of potato and banana chips and bread sticks seeks a licensing arrangement with a U.S. firm to expand production by making snack foods including corn chips, cheese-flavored items, fried pork rinds and corn nuts for packaging in polyethelene bags.

The firm, which is associated with a Lima bakery, also wants to make wider use of its distribution system.

Write: Fabrica de Crissinos S.A., Av. Mejico 1600, Lima, Peru. WTD.

Ecuadorean study released on starch, flour production

Opportunities for U.S. investment in facilities to produce yucca starch and yucca flour are described in two recent Spanish language feasibility studies prepared by the Ecuadorean Government's Industrial Development Center (CENDES).

The organization has also published its 1965 annual report describing activities during the past year. The report contains some useful information for potential investors, including a list of specific investment opportunities in molasses, glass containers, tropical fruits and kraft paper fields.

Ecuador's investment climate, investment guaranties available to U.S. investors and various benefits granted to industries under the 1964 Ecuadorian industrial development law are also discussed.

Firms interested in investing in Ecuador can obtain copies of the feasibility studies and the annual report by **writing:** Centro de Desarrollo, P.O. Box 2321, Quito, Ecuador.

Maltese businessmen want U.S. partner for instant coffee plant

Would be island nation's first; nearby markets hold promise

A prominent Maltese businessman, in association with a Valletta company, invites an experienced U.S. instant coffee manufacturer to join in an enterprise to establish a facility for the manufacture, processing, and distribution of instant soluble coffee in Malta. This would be the first operation of its kind in the country.

The Maltese group particularly requests technical know-how and assistance from a U.S. participant, plus permission to use patents, trademarks, and formulae belonging to the U.S. company. The Maltese principals are willing to discuss an arrangement based on a fixed fee, percentage of profits or any other form of return proposed by the U.S. firm.

According to the Maltese firm, the U.S. company would be offered full participation in managing the proposed concern. Total cost of the project is estimated at approximately $375,000.

The market potential appears good, since the Maltese group has already obtained a contract from an Italian firm for the total production of the plant. The location of the facility should enable the firm to develop future markets in other countries in the Mediterranean area.

A plentiful labor supply and the extensive business background of the Maltese principals are cited as favorable factors.

Reportedly, the enterprise has already received a financial grant from the Maltese Government, the assurance of income tax relief for ten years, and exemption from customs duty on capital equipment for two years.

Write: Gino Miceli Farrugia, care of Simonds-Farsons-Cisk Ltd., Valetta, Malta.

Balance of payments study

A special advisory panel of specialists to study ways to assist in ending the U.S. balance of payments deficit will be created soon by the Chamber of Commerce of the United States. The Chamber will also sponsor a public National Symposium on the Balance of Payments in Washington on Oct. 26.

Four Yugoslav producers seek licenses from U.S.

Four Yugoslav firms would like to obtain licenses from U.S. companies to make products related to their basic lines.

A cosmetic manufacturer seeks a license to produce cosmetics, toilet preparations, and household insecticides. The firm is also interested in representing a U.S. manufacturer as an agent.

Write: Luxol, Zrenjanjin, Yugoslavia.

A license to produce emulsions to protect aluminum pistons and other metal parts for overseas shipment is sought by a firm connected with the packaging industry.

Write: Ambalazakoop, Novi Sad, Bulevar Marsala Tita 6, Yugoslavia.

A fabricator of metal products seeks a license to make modern silos.

Write: Utva, Pancevo, Yugoslavia.

A license to manufacture incubators and other poultry raising equipment is sought by a poultry equipment manufacturer.

Write: Zivinooprema, Pozarevac, Yugoslavia.

Brussels company requests cigarette, tobacco license

A Brussels manufacturer of cigarettes and tobacco seeks a licensing arrangement with a U.S. tobacco company interested in introducing its products in Common Market countries.

The firm wants to increase production by manufacturing U.S. brands of cigarettes and tobacco. Currently, production capacity of its well-equipped plant is over 1,000 tons of tobacco and approximately 1.5 billion cigarettes annually. It imports leaf tobacco, filters and cigarette paper. Established in 1908, the company has about 300 employees and does an annual volume of $16 million.

Write: Weltab S.P.R.L., 82-90 rue du Vivier, Brussels, Belgium. WTD.

Bakery in Guyana seeks expansion through venture

A Georgetown, Guyana, bakery, making bread and cakes, seeks to expand operations through a joint venture with an experienced U.S. baking firm.

The U.S. participant is asked to provide $50,000 for working capital and technical assistance.

Established in 1961, the firm is currently located in downtown Georgetown, but is in the process of acquiring a site in the Government's industrial estate.

The company has several outlets, including Georgetown's largest retail store. It has 34 employees and average annual sales are estimated at approximately $116,000.

Write: The Dictator Bakery, 65 James St., Georgetown, Guyana. WTD.

ABRASIVE PRODUCTS

A Belgian manufacturer of cotton wool for quilting and producer of non-woven fabrics from virgin and waste fibers seeks a license to make such articles from these fabrics as light abrasive discs and sheets used for polishing by the automotive and furniture industry.

The firm's well equipped plant includes a complete spraying system for spraying resins, light abrasives and plastic material on the non-woven fabrics.

Write: Szolim Hildeshajm, Ouatin, S.P.R.L., 252, chaussee de Ninove, Brussels, Belgium. WTD.

CONTROL EQUIPMENT

A British firm, specializing in the design, manufacture and installation of critical atmosphere control equipment, seeks a license to produce air dehydration and cleaning equipment, custom built clean air cabinets, fume cabinets and laboratory furniture. The company would also consider an arrangement for the manufacture of its products in the U.S.

Established in 1919, the firm has approximately 117 employees including a technical sales force serving industrial, medical and government users.

Write: W. H. S. (Pathfinder), Ltd., Brockhampton Lane, Havant, Hampshire, England. WTD.

CHEMICALS

A Rotterdam manufacturer of a wide range of chemicals and allied products including soaps, cleaning compounds, fatty acids, cosmetics and waxes seeks a licensing arrangement with a U.S. firm to make these products for distribution on the western European market.

The firm's extensive facilities and equipment comprise stainless steel and aluminum heating boilers with 100 to 5000 gallon capacity, a fatty acid distillation plant, storage tanks and powder mixers.

The plant is located near railroad and inland waterway and sea transportation.

Write: Wigleven-Rotterdam, 58 Persoonshaven, Rotterdam-20, Netherlands. WTD.

London electronics firm wants licensing arrangement

A diversified London electronics firm is interested in discussing a licensing and agency arrangement with a U.S. electronic equipment manufacturer.

The company is particularly concerned with the manufacture of measuring instruments and the promising market in the United Kingdom for electronic speed control of battery operated vehicles and fork lift trucks.

The firm has 1,500 employees and its activities are divided among several divisions including tele-communications, business machines, and control and instrumentation for the aircraft and nuclear industries.

Write: Ultra Electronics, Ltd., Western Ave., London, W.3, England. WTD.

Saudi Arabian requests license to make appliances

A Saudi Arabian importer of radios and electrical appliances wants a license to manufacture air-conditioners, refrigerators and small home appliances.

The company reportedly is the exclusive representative for a Japanese radio manufacturer.

Write: Orient Commercial and Commission Agency, Misfala, Mecca, Saudi Arabia. WTD.

MACHINERY

A German manufacturer of shoe repair and precision shoe machinery seeks a license to manufacture all types of small packing machinery not exceeding 1,000 pounds in weight.

The firm also makes poly-urethane foam machines and has approximately 90 employees. It does an annual volume of $400,000.

Write: H. Walther & Co. KG, 6 Frankfurt am Main-Oberrad, Wienerstrasse 120/124, Germany. WTD.

PAPER MILL

A French manufacturer of writing, printing and coated papers seeks a license or joint venture with a U.S. firm engaged in related activities. Located in southwest France, the mill produces about 7,000 metric tons of paper annually with a working force of 300.

Write: Papeteries de Guyenne, 24-Thiviers, Dordogne, France, c/o Antoine de Roquemaurel, President and General Manager. WTD.

France gives tax credits on purchases of capital goods

French measures to stimulate investment in capital equipment should benefit U.S. suppliers of producer goods, provided delivery delays are not too long.

Law No. 66-307 of May 18 provides for a credit against corporation or personal income tax equivalent to 10% of outlays made on certain types of equipment during 1966 and 1967, and, in some cases, during 1968. The credit may be claimed on eligible equipment delivered between February 15 and December 31, 1966. However, for eligible equipment ordered prior to February 15 and delivered after December 31 the credit may be claimed on payments toward its purchases made between these dates.

For equipment ordered between February 15 and December 31, and delivered after January 1, 1968, the credit may be claimed on payments made prior to the latter date. Finally, for equipment ordered between February 15 and December 31, and delivered after January 1, 1969, the credit may be claimed on payments made prior to the latter date, if more than one year is required for installation.

Decree No. 66-334 of May 31 specifies that the following purchases will benefit from the tax credit:

- Equipment with useful life of at least eight years and subject to declining-balance depreciation.
- Metal and woodworking machine-tools.
- Textile equipment, with the exception of items depreciable in less than three years.
- Trucks from 6 to 13 tons capacity, inclusive, and corresponding road tractors.

"Buy Colombian" measure will affect public firms

A "Buy Colombian" decree has been enacted which will tighten controls on imports made by public entities.

Colombian Decree 1226 of May 23 aims to favor local procurement of merchandise by Colombian Government agencies.

Specifically, the decree provides that public entities seeking tax and duty exemptions on imports must obtain a prior license. This provision applies even if the import is on the free list. Prior licenses will not be granted for foreign imports with higher prices than domestic goods, unless domestic goods do not meet quality standards.

Public entries must fulfill the following prerequisites for public bids: foreign standards cannot be required, if Colombian standards have already been established by the Colombian Institute for Technical Standards; in calculating prices of foreign products the Colombian customs duties must be include (even though they will not be paid by the public entity importing them).

These requirements do not apply in cases where they would conflict with foreign loan contracts.

Congo cities renamed

New names have been given to major cities in the Democratic Republic of the Congo.

The capital, Leopoldville, will be known as Kinshasa, and Elisabethville as Lubumbashi. Stanleyville becomes Kisangani, Coquilhatville to Mbandaka, Banningville to Bandundu, and Paulis to Isiro.

It is advisable to use the new names when referring to these cities in correspondence with Congolese businessmen. The official name of the country is the Democratic Republic of the Congo (Kinshasa). The changes became effective on July 1.

India gets $23 million for Indus Basin imports

The International Development Association (IDA) has extended India a credit equivalent to $23 million to assist in financing imported equipment and services for developing hydroelectric power on the River Beas and extending irrigation in the Punjab and Rajasthan areas of the Indus Basin.

All goods purchased with the loan funds must be procured through international competitive bidding.

Lebanon revises duty rates on insulated electric tubes, aluminum goods, corsets

The Government of Lebanon recently enacted several amendments to its customs tariff. Items affected and the new rates of duty are:

Insulated electric tubes and their connecting fixtures, from ordinary metal, internally insulated, L£0.30 ($0.10) per net kilogram, but not less than 28% ad valorem; **aluminum solid bars,** profiles and wires, L£1.25 ($0.41) per net kilogram, but not less than 20% ad valorem; **aluminum pipes** and tubes, and hollow bars, L£1.25 ($0.41) per net kilogram, but not less than 20% ad valorem; **aluminum structures** and parts of structures, aluminum sheets, bars, profiles, tubes, and similar materials prepared for use in construction, L£2 ($0.66) per net kilogram, but not less than 28% ad valorem; **cotton or wool** (fabric or elastic hosiery) cut to shape for the manufacture of corsets or belts, free; other **textiles** cut to shape for the manufacture of corsets or belts, 8% ad valorem; **silk corsets** (fabric or elastic hosiery) and support garments, 36% ad valorem; and corsets and **support garments of other fabrics** (except cotton and wool), 28% ad valorem.

Cotton and woolen corsets and support garments retain a customs duty rate of 18% ad valorem.

Yugoslav oil pipeline will carry rising imports

The construction of a 176-kilometer oil pipeline from the new Yugoslav port of Bakar to the Sisak refinery, with a further extension to the Bosanski Brod refinery near the Hungarian border has been planned to carry crude oil from ships to inland refineries and to eventually link up with Hungarian and Czech systems. The pipeline will have an annual capacity of 12 million tons of crude oil.

At present, Yugoslavia is producing about two million metric tons of crude oil and refining over three million metric tons. As all indicators point to the need for more oil imports, the building of a pipeline will supplement an overburdened oil transport system.

Crude oil imports, chiefly from the USSR, Algeria, UAR, Venezuela, and Iraq, totalled 1.1 million tons in 1965.

U.S. contractors invited to bid on microwave relay system for East Pakistan

960 telephone channels to be carried on two RF channels

The Director General of the Pakistan Telegraph and Telephone Department is inviting sealed bids from qualified U.S. contractors for the survey, planning, supply and installation of a line-of-sight microwave radio relay system in East Pakistan and certain minor links in West Pakistan.

The system will have two RF channels arranged in frequency diversity and will carry up to 960 telephone channels in accordance with CCIR recommendations and a TV program simultaneously. The equipment will be required to operate from batteries without charging for up to 10 hours.

Turn key contract

The project will be constructed under a "turn key" contract but the Pakistan T&T Department will develop the station sites and construct buildings to the contractor's requirements. The contractor shall employ the maximum amount of manpower for construction of the system from indigenous (Pakistani) sources.

Project implementation will be in two stages. Stage I will include 11 hops in the three sections Dacca-Chittagong, Dacca-Khulna and Dacca-Kushtia and two unrelated hops for providing links to remote HF transmitting and receiving stations in Karachi (West Pakistan) and Dacca respectively. Stage II will include 5 hops in the section Chittagong-Khulna and two links to remote HF stations in Rawalpindi (West Pakistan) and Chittagong. Both stages will be provisionally accepted after a one month proof-of-performance test but final acceptance will be after a 12 months' test of propagation reliability. Extensive training in the U.S.A. and on-the-job will also be required.

The U.S. dollar cost of Stage I will be financed by loan No. H-071 granted by the U.S. Agency for International Development and all items so financed must have their source and origin in the U.S.A. For Stage II, bids are required to be valid for 12 months so as to permit financing to be arranged and a contract to be made at any time within that period.

Source for documents

Tendering documents consisting of Instructions to Tenderers, General Conditions, Specifications, drawings and equipment lists may be obtained from Mr. F. Rizwi, Purchase Co-ordinating Officer, Block No. 48-A, Pak-Secretariat, Shahrah-e-Iraq, Karachi and from the Telesis Co., 14 Commerce St., Newark, New Jersey 07102, on payment of Rs. 100.00 or U.S. $20 which will not be refunded.

Bids, accompanied by a 5% tender guarantee will be received until 10 a.m. Aug. 15 by the Purchase Co-ordinating Officer at the above address.

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The next time you write one of the advertisers in these pages don't just ask him for a letter of credit—ask the Commerce Department Field Office or your bank for advice on financing foreign trade.

Australian tender calls for supply and erection of pumps

The Manager and Secretary, Electricity Commission of New South Wales, Box 5257, G.P.O., Sydney, N.S.W., has issued tender No. 1741, for the supply and erection of pumps for the Liddell Power Station, New South Wales.

Equipment desired are four, 100% duty boiler feed pumps and associated equipment to be driven by steam turbines provided by the Commission, each with a capacity of 6,900 G.P.M. and a 7,400-foot head; and four, 50% duty boiler feed pumps and associated equipment to be driven by electricity, each with a 3,450 G.P.M. capacity and a 7,400 foot head.

Bid deadline is Aug. 29.

Specifications are available from the Commission, at the above address, for $22.40, or on a short term loan basis to firms domiciled in the U.S. from the U.S. Department of Commerce, GIEC Division, BDSA-588, Washington, D.C. 20230. Telephone: 202-WO 7-5589.

Communication equipment sought by Iraqi Ministry

The Directorate of Contracts and Purchases, Ministry of Defense, Baghdad, has issued tender No. Comm./31-965 for nine mobile H.F. and nine mobile V.H.F. direction finder stations to be installed in a military vehicle.

Bid deadline is Aug. 27. Bidders should offer D.F. stations complete with spare parts (5 year maintenance). Equipment should be transistorized throughout, tropicalized, and conform to military specifications. Test equipment is to be supplied with each station, and training of personnel provided.

Copies of the tender are available from the Military Attache, Iraqi Embassy, Washington, D.C., or on a short-term loan basis to firms located in the U.S. from the U.S. Department of Commerce, Electronics Division, BDSA-658, Room 4125, Washington, D.C. 20230.

Prequalifications invited on three more sections of Japanese expressway

Contractors with experience in expressway construction are invited by the Japan Highway Public Corporation (Nihon Doro Kodan) to submit prequalification documents in order to bid on the construction of three more sections of the Tokyo-Nagoya Expressway.

The three projects are: "S", the section of expressway between Shizuoka and Toyokawa; "T", section between Tokyo and Shizuoka; and "U", section between Toyokawa and Komaki.

Work includes soil and rock earthwork; excavation of one small tunnel in "T"; foundation stabilization in "S" and "U"; a total of 24 bridges, 4 overbridges and 6 viaducts; one interchange on "S", and a total of 68 underpass structures.

No subletting of the major part of the work will be permitted. All steel and Portland Cement to be used for the work will be furnished by the Kodan.

Prospective bidders must submit prequalification documents by July 29 to the Japan Highway Public Corporation, Contract Section, Procurement and Right of Way Department of the head office of the Kodan, 1-13, 1-chome, Shimbashi, Minato-ku, Tokyo. Telephone: Tokyo (503) 0111.

Interested companies located in the U.S. can obtain an announcement copy of one or all of these projects and a sample information form for the prequalification of applicants from the U.S. Department of Commerce, Building Materials and Construction Industries Division, BDSA-564, Washington, D.C. 20230. Telephone: 202-967-3601.

Cyprus invites bids to supply and install four radial gates

The Cyprus Government is inviting bids for the supply and installation of four radial gates on Yermasoyia Dam.

Contract documents and specifications are available to interested bidders for U.S. $28 from the Cyprus Department of Water Development, Nicosia.

The tender is Ref. No. 39/66/5 and the deadline 9 a.m. Sept 17 to submit bids distinctly marked "Tender for the Supply and Installation of Radial Gates on the Yermasoyia Dam" and mailed to the President of the Tender Board, Treasury Headquarters, Nicosia, Cyprus.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

Pakistan to expand HF radio service; seeks bids from qualified U.S. contractors

The Director General of the Pakistan Telegraph and Telephone Department is inviting sealed bids from qualified U.S. contractors for the supply of equipment and services required for the upgrading and expansion of existing facilities for high frequency radiotelegraph and radiotelephone service between East and West Pakistan and with international correspondents.

The project will be implemented in two stages. Stage I is aimed primarily at upgrading existing facilities and includes 4 ISB transmitters and receivers or "dual" operation with existing equipment, 44 rhombic and log-periodic antennas, RF patching and switching, VFTG equipment, centralized control consoles and patching, standby diesel power plants, test equipment, spares and construction equipment.

Stage II is to provide facilities for 15 new radio circuits and will include 22 ISB transmitters mostly 10 KW, 26 single and dual diversity receivers, antennas and associated equipment as in Stage I also 30 radiotelephone terminals and TOR (MUX/ARQ) equipment for 40 radiotelegraph channels.

Construction and installation of the project will be done by the Department but extensive engineering services are required to supervise and assume technical responsibility for system design, installation specifications, plant-in-place records, instruction manuals and proof-of-performance. The contractor will also be required to set up a spare parts inventory control system, provide training in the U.S.A. and on-the-job and pilot operation of the finished systems.

The U.S. dollar cost of Stage I will be financed by loan No. H-071 granted by the U.S. Agency for International Development; all items so financed must have their source and origin in the U.S.A. For Stage II. tenders are required to be valid for 12 months so as to permit financing to be arranged and a contract to be made at any time within that period.

Tendering documents consisting of Instructions to Tenderers, General Conditions, Specifications, Drawings and equipment lists may be obtained from Mr. F. Rizwi, Purchase Co-ordinating Officer, Block No. 48-A. Pak Secretariat. Shahrah-e-Iraq, Karachi and from The Telesis Co., 14 Commerce St., Newark, New Jersey, 07102, on payment of RS. 100.00 or U.S. $20 which will not be refunded.

Bids, accompanied by a 5% tender guarantee will be received until 10 a.m. Aug. 15 by the Purchase Co-ordinating Officer at the above address.

Electronic spare parts are called for in Iraqi tender

The Republic of Iraq, office of the Armed Forces, has issued Tenders INQ/66/SIGS/1, 3 and 7 for miscellaneous spare parts for commercial radio transmitters and receivers.

Bid deadline is Aug. 20.

Copies of the tenders are available from the Embassy of the Republic of Iraq, office of the Armed Forces Attache, Washington, D.C.

New Trade Lists

The Bureau of International Commerce has published the following new trade lists of which mimeographed copies may be obtained by firms domiciled in the United States from BIC-916, U.S. Department of Commerce, Washington, D. C. 20230, and from Department of Commerce Field Offices. The price is $1 a list for each country. All are dated June unless otherwise indicated.

Most of the lists are prefaced by a brief review of basic trade and industry data collected in making the compilations.

Air Conditioning and Refrigeration Equipment—Importers, Dealers and Manufacturers—Denmark.

Boots and Shoes—Importers and Dealers—France.

Chemicals—Importers and Dealers—Chile.

Coal, Coke and Fuel—Importers and Dealers—Uruguay.

Dental Supply Houses—Chile.

Dental Supply Houses—India.

Furniture—Importers and Dealers—Philippines.

Meat Packing, Sausage and Casings—Italy.

Oils (Animal, Fish and Vegetable)—Importers, Dealers, Producers, Refiners and Exporters—Colombia.

Oils (Animal, Fish and Vegetable)—Importers, Dealers, Producers, Refiners and Exporters—France.

Philippines needs Portland cement, reinforcing steel; bidders must prequalify

The Philippine Government invites interested bidders to submit prequalification papers by Aug. 4 to bid for furnishing and delivering reinforcing steel and Type I Portland cement for the construction of proposed interim projects of the National Waterworks and Sewerage Authority.

The Contract is No. CS-1 and the deadline is Aug. 25 to submit bids to the Office of the Acting Engineering Manager and Chief Engineer, National Waterworks and Sewerage Authority, 176 Arroceros, Manila. The steel required is specified in 40 ft. lengths and in 10 different sizes ranging from No. 2 to No. 11. The total pieces number 45,917 and range in amounts from 335 to 17,895. A total of 82,460 bags of Portland cement (Type I) are also required in the contract.

Interested bidders may purchase a copy of specifications and contract documents for U.S. $15 from the aforementioned Office. A sample copy is available for examination only (not for loan) in the U.S. Department of Commerce, Building Materials and Construction Industries Division, BDSA, Room 4014, Washington, D.C.

NATO project in Turkey open to construction bids

A NATO project in Turkey which is estimated to cost $1 million is open to eligible U.S. firms. Work will consist of the construction of buildings, hangars, POL installations, concrete paving, electrical works and miscellaneous related items.

The Turkish Ministry of Public Works will accept bids only from U.S. firms who have been certified eligible for NATO International Competitive Bidding (ICB) and who possess a current U.S. Department of Defense "Secret" security clearance.

A specially designated Turkish Government questionnaire must be fully completed by interested firms and submitted by Aug. 10 to: Bayindirlik Bakanligi, Hv. Myd. ve. Aky. Tes. Ins. Reisligi, Ataturk Bulvari, No. 140, Kavaklidere, Ankara. (This bureau is responsible for the construction of airports and POL installations under the Ministry of Public Works in Ankara).

The specially designated Turkish Government questionnaire and information about certification for NATO-ICB is available from the U.S. Department of Commerce. **Write:** Trade Opportunities Staff, BDSA-624, U.S. Department of Commerce, Washington, D.C. 20230.

Iraq seeks bids on equipment for complete sound studio

The Directorate of Contracts and Purchases, Ministry of Defense, Baghdad, has issued tender No. MISC. 19-966 for the supply of a complete sound studio, including microphones, sound recorders, studio console, intercommunication system, projector, turn table with all accessories, to be installed in Baghdad, Iraq.

Bid deadline is Aug. 2. Bidders should also provide for training a sound studio staff in the operation of all equipment furnished.

Copies of the tender are available from the Military Attache, Iraqi Embassy, Washington, D.C.

A copy of the tender is also available on a short-term loan basis to firms located in the U.S. from the U.S. Department of Commerce, Electronics Division, BDSA-658, Room 4125, Washington, D.C. 20230. Telephone: 202-WO-7-4036.

Iraq extends bid deadline to build teaching hospital

Iraq's Ministry of Housing has again extended the deadline for interested contractors to bid on the construction of the teaching hospital in Basra City from July 17 to 12 noon, Aug. 16. (INTERNATIONAL COMMERCE, June 13, p. 51.)

Tender documents and drawings are available upon payment of U.S. $700 (nonrefundable) from the Directorate General of Buildings (Main Building Projects Section), Ministry of Works and Housing, Salihiya (opposite New Iraq Museum), Baghdad.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any resultant trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- ● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.
- ★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the Trade Opportunities Staff, BDSA-624, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.
- **WTD** indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-916, U.S. Department of Commerce, Rm. 6059B. Telephone: 202-WO 7-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

011 Field Crop Farms

SOUTH AFRICA—Grass seeds, all types. Direct purchase and agency requested by importer / manufacturer / retailer / wholesaler. South African Seed Exchange (Co-operative) Ltd. P.O. Box 1781, Pretoria, Transvaal. WTD 4/19/66.

103 Lead, zinc ore

PHILIPPINES—Lead metals: pure lead, pure antimony, arsenical lead, pure tin, copper tin. C. J. Unson, Jr., Asst. General Manager, C. C. Unson Co., Inc. (manufacturer), 1262 Espana, Manila. WTD in preparation.

220 Textile mill products

BELGIUM—Drapery and curtain fabric, all kinds. Etablissements Henri Robert, S.P.R.L. (importer, wholesaler), 53 Rue d'Angleterre, Brussels. WTD 6/3/66.

PHILIPPINES—Men's and women's clothing material (remnants). Direct purchase and agency. Carmelo Ara. Alonso, Import Manager, The Balibuntal Straw Hat Co. (producer, exporter), 334 Madrigal Bldg., Escolta St., Box 2590, Manila. WTD in preparation.

221 Broad woven fabric mills, cotton

NEW ZEALAND—Upholstery and furnishing fabrics, moquette type nylon face, and rayon acetate and cotton; plain or textured colors required. Company interested only in a sole New Zealand agency arrangement for medium and top quality price range fabrics. Ex-factory quotes and samples requested. Direct purchase and agency. F.E.R. Merritt, Managing Director, H. T. Merritt Ltd., 15 Anzac Ave., (P.O. Box 678), Auckland, C.1. WTD 6/17/66.

228 Yarn, thread mills, products

NEW ZEALAND—Cotton carpet backing yarn, 3/10s, natural and dyed, precision wound on cheeses; mercerized cotton yarns for knitting trade, 18 to 40s. Direct purchase and agency. Chemtex Pty. Ltd. (importer, manufacturer's representative), 158 Ferry Rd., Christchurch. Attn.: John Connor, Manager. WTD in preparation.

TURKEY—100% white nylon Z twist yarn for fishing nets, 70 gage 3 ply half mesh 20 mm; 110 gage 2 ply half mesh 20 mm. Caliskan Ticaret Evi Yako Nahmias (importer, wholesaler), Fevzi Pasa Bulvari No. 26/10, Izmir. WTD 6/15/66.

229 Textile goods

● **BURMA**—Cotton waste, 50 tons, for axle box packing to consist of 40% unteased copbottoms, handmixed with 60% reeling waste, must be free from moisture, dust, oily substances and elastic after mixing and contain no yarn below 10s count. Tender No. 3091/2/BR/65-66, bid deadline July 27. The Chairman, Union of Burma Railway Board, Bogyoke Aungsan St., Rangoon.★ (Telephone: 202-WO 7-5238).

249 Wood products

● **GREECE**—Supply of 189,910 preservative treated (creosote oil or penta petroleum) utility line poles. Tender No. DMKD-515, bid deadline Aug. 19, issued by: Public Power Corp., Purchasing Dept., 30 Chalkokondyli St., Athens 102.★ (Telephone: 202-WO 7-3359).

273 Books

PHILIPPINES—Scientific books. Direct purchase and agency. Mrs. Carmen C. Laserna, President, Tetragon (importer, wholesaler, retailer, exporter, indenter), 127 Sierra Madre, Quezon City. WTD in preparation.

281 Industrial chemicals

KOREA—Phosphate rock for calcium superphosphate fertilizer. Firm wishes to act as offer agent for U.S. supplier. Sungsan Trading Co., C.P.O. Box 859, Seoul. WTD 1/6/66.

NEW ZEALAND—Distilled fatty acid (Naphthenic acid) for use in manufacture of paint driers. Specification of 230-240 acid value. Samples and quotes on a c.i.f. basis sought. F. W. Sutherland, Managing Director, Colour and Synthetics Ltd. (importer, manufacturer). P.O. Box 30-066, Takapuna, Auckland, N.2. WTD 6/20/66.

PHILIPPINES—Tempering chemicals for use in hardboard making. Pedro A. Nisperos, Executive Asst. for Coordination, Philippine Wallboard Corp. (manufacturer, exporter). 117 Dasmarinas, Box 1373, Manila. WTD 2/4/66.

Battery oxides: grey oxide, litharge, negad expander. C. J. Unson, Jr., Asst. General Manager. C. C. Unson Co., Inc. (manufacturer), 1262 Espana, Manila. WTD in preparation.

282 Synthetic materials

PAKISTAN—Raw materials and chemicals for use in the PVC resin and processing industry. Requests literature and quotations, c.&f., Karachi. Specifications and details available on loan only from the U.S. Department of Commerce, Trade Opportunities Staff, BDSA-624, Rm. 4203, Washington, D.C. 20230. Arokey Chemical Industries Ltd. (importer), 110 Cotton Exchange Bldg., McLeod Rd., Karachi. WTD 2/10/66.

283 Drugs

DENMARK—Pharmacological active preparations in bulk, such as diuretica, psycho-pharmaceuticals and preparations with anti-hypersensitive effect; also tetracycline and chlorpromazine. Dak-Laboratoriet—Division of The Association of Danish Pharmaceutical Chemists (importer), 59, Lergravsvej, Copenhagen S. WTD 6/14/66.

● **IRAQ**—One pharmaceutical product: 5,000 sets of dried irradiated normal human plasma, U.S.P. XVI. Each set consists of two bottles, one containing 250 cc. of pooled original plasma, the other one containing 250 cc. proygen-free sterile 0.1% citric acid solution in distilled water, and one double ended needle. Each set should be packed in carton box and each bottle should be marked with the words in Arabic (*Iraq Ministry of Health*). Tender No. 39/66, bid deadline Aug. 21. Central Foreign Purchasing Board, Ministry of Finance, Baghdad.★ (Telephone: 202-WO 7-3394).

● A two-part tender, one covering 69 items of veterinary drugs, medicinal chemicals, bandages and sutures; the other including 20 items of veterinary instruments and related equipment. Among the veterinary drugs listed are antihistaminic, 5,000 ampoules of 2cc each; nikethamide, 5,000 ampoules, 2cc; disodium salt of acetarsinic acid, 10cc ampoules, 5,000; baludin, 100cc vials, 100; chlorodyne, 80 kilograms; carbachol, 25 ml. vials, 300; atropine sulfate, 1200 tablets; tetanus antitoxin, 25,000 i.u., 500 vials; callotine multivitamin tonic, veterinary, 70 bottles; calomel powder, 20 kilograms; malleine, 10,000 doses; cod liver oil, 80 gallons; liniment of camphor, 300 kgm; kaolin poultic, 200 tins of 1 lb. each; xylocaine injection, 300, 50 ml. vials; and yellow mercuric oxide ointment, 500 tubes. Also listed are various antibiotic and sulfa preparations such as crystalline penicillin, 1 million i.u., 10,000 vials; procaine penicillin, 3 million i. units, 10,000 vials; streptomycin, 10,000 vials; tetracycline eye ointment and topical ointment, 2,000 tubes and 500, respectively; sulfacetamide sodium, 250 gram bottles, 10 kgm; sulfaguanadine powder, 100 kgm; sulfanilamide and sulfathiazole powder, 100 kgm each; also sulfonamide unguent, 100 1-lb. tins. Bandages, sutures, and miscellaneous items as follows: bandage elastic plaster, 300 tins; cat-gut, sizes 1, 2 and 3, 30 dozen of each; 100 gallons insecticide spray; 700 lbs. of insecticide powder; liniment of turpentine, 150 kgm; and several oils and tinctures such as oil of eucalyptus, linseed oil; turpentine; and tinctures of benzoin, belladonna, cardamon. The veterinary instrument segment of tender covers such items as 10 electric sterilizers, 11 x 5½ x 4″; 30 small sterilizers with one spirit lamp; 50 enamelled iron instrument trays, 12 x 14″; surgeon gloves with long sleeves, 40 pairs, assorted sizes, 7-9; and all glass syringes, 60 each of 1cc, 2cc and 5cc capacity. Also listed are 40 urinary catheters for horses; 10 enema pumps for horses; and 4 post-mortem sets complete for veterinary hospitals. Tender No. REQ/602/258. No bid deadline; however, bids desired as soon as possible. Copies of tender may be obtained from the Office of the Armed Forces Attache, Embassy of the Republic of Iraq, 3510 Garfield St. NW., Washington, D.C. 20016. (Telephone: 202-333-4028).

306 Fabricated rubber products

GERMANY—Finger stalls for surgeons; white rubber articles for sanitary purposes. Ludwig Bertram (importer, wholesaler), Rathenauplatz 15, 3 Hannover. WTD 6/9/66.

311 Leather tanning, finishing

PHILIPPINES—Upper leather materials including insoles and outsoles. Direct purchase and agency. Carmelo Ara. Alonso, Import Manager, The Balibuntal Straw Hat Co. (producer, exporter), 334 Madrigal Bldg., Escolta St., Box 2590, Manila. WTD in preparation.

314 Footwear

PHILIPPINES—Men's and women's leather shoes. Direct purchase and agency. Carmelo Ara. Alonso, Import Manager, The Balibuntal Straw Hat Co. (producer, exporter), 334 Madrigal Bldg., Escolta St., Box 2590, Manila. WTD in preparation.

325 Structural clay products

● **BURMA**—Numerous quantities of clay refractories for use as furnace lining materials at steel mill. Tender No. Q/88-SM-MCY/2/32, bid deadline Aug. 1. General Manager Steel Mill, Ywama, Insein, Burma. A single set of specifications and drawings available for examination in Room 4228, Iron and Steel Division, U.S. Department of Commerce, Washington, D.C.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

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331 Steel mill products

● **BURMA**—Steel bars and sheets totalling 20 tons and smaller quantities of high speed and spring steel. Tender No. 327(T)/CONSTR-BR/65-66; bid deadline Aug. 3. The Chairman, Union of Burma Railway Board, Bogyoke Aungsan St., Rangoon.★ (Telephone: 202-WO 7-2363).

GREECE—Stainless steel sheets, thickness 0.5-0.7 mm., 18/8, bright polished. Requests price quotations directly from mills. Direct purchase and exclusive agency. Archimedes S.A. pour le Commerce d'Articles Industriels et Hydrauliques (importer, wholesaler, retailer, sales agent), 19 Athinas St., Athens. WTD in preparation.

● **IRAQ**—64 tons of steel for fabricating bolts and nuts; approximately 8 tons of steel for making jigs and fixtures for machining operations, one ton of free cutting brass rods, and other similar items. Tender No. PROD/3/1-1966; bid deadline Aug. 6. Directorate of Contracts & Purchases, Ministry of Defence, Baghdad, or Military Attache, Iraqi Embassy, Washington, D.C.

● Pipe, welded and seamless, for the Daura Refinery, size range 1″ to 4″ diameter, various strengths, totalling 22,150 ft. Tender No. 21/66; bid deadline July 30. Ministry of Oil, Government Oil Refineries Administration, Baghdad. Any firm participating in the tender should enclose a check for $0.70 return postage (plus $2.80 if it has not already purchased a set of tender documents).★ (Telephone: 202-WO 7-2363).

PHILIPPINES—Steel billets. David D. Chua-Unsu, General Manager, Central Steel Manufacturing Co., Inc. (manufacturer), Quirino Highway, Baesa, Quezon City; Box 2872, Manila. WTD in preparation.

333 Primary smelting, refining of nonferrous metals

● **INDIA**—50 metric tons of zinc ingots (grade ZN98 of ISS 209/56) suitable for galvanizing of steel wires by hot dip or electro galvanizing. Tender No. P/216/25/016, bid deadline 10 a.m. (IST) July 29. Director General of Supplies and Disposals, National Insurance Bldg., Parliament St., New Delhi, India. Tender documents available upon payment of $1 (in advance) from India Supply Mission (Ref. No. D/ENQ/2047) 2536 Massachusetts Ave. NW., Washington, D.C. 20008.

● 40 metric tons of tin ingot, 99.75% purity of specification IS-26/1958. Tender No. 506/25/062, bid deadline 10 a.m. (IST), July 28. Director General of Supplies and Disposals, National Insurance Bldg., Parliament St., New Delhi, India. Tender documents available upon payment of $1.50 (in advance) from India Supply Mission (Ref. No. D/ENQ/2041) 2536 Massachusetts Ave. NW., Washington, D.C. 20008.

334 Secondary smelting, refining of nonferrous metals

● **INDIA**—8,500 kilograms metal, antifriction alloy, Grade 86; to IS:25/1961. Tender No. 303/25/144, bid deadline 1 p.m. (IST) Aug. 2. Director General of Supplies and Disposals, National Insurance Bldg., Parliament St., New Delhi, India. Tender documents available upon payment of $1 (in advance) from India Supply Mission (Ref. No. D/ENQ/2046) 2536 Massachusetts Ave. NW., Washington, D.C. 20008.

335 Rolling, drawing, extruding nonferrous metals

PHILIPPINES—Structural and architectural aluminum. Direct purchase and agency. Ramon C. Cura, President (importer, exporter, wholesaler, retailer, manufacturer, indentor), Wagner Commercial Corp., 2859-A Zamora, Pasay City. WTD 3/30/65.

342 Cutlery, hand tools, general hardware

● **IRAQ**—Supply of various types and quantities of tools, including hack saw blades, files, washers, screw drivers, punches. Tender No. EME/29/966, bid deadline Aug. 23. Directorate of Contracts and Purchases, Ministry of Defense, Baghdad.★ (Telephone: 202-WO 7-5589).

PHILIPPINES—Oilers for industrial and home use. Direct purchase and agency. August Merx, Vice-President, Solex Tool Corp. (importer, wholesaler, retailer, indentor), 355 Barraca, Box 4056, Manila. WTD in preparation.

SOUTH AFRICA—All types of hand tools and accessories; edge tools; files, rasps and file accessories; hand saws, saw blades and saw accessories. Shelf, building, furniture

hardware. Direct purchase and agency. Cape Hardware & Tool Suppliers (importing distributor), 10 Lower Burg St., Cape Town, Cape Province. WTD 4/21/66.

343 Heating apparatus, plumbing fixtures

BELGIUM—Hot water heaters and storage tanks for water heating installations for city gas, natural gas or L.P. gas. Le Renova, S.P.R.L. (manufacturer), 93-95 Rue St. Denis, Forest-Brussels. WTD 6/3/66.

PERU—Sanitary ware, light weight chrome bathroom fittings, all qualities and types, c.i.f. Callao quotations. Iahsa-Sanitarios Corona (importer, retailer, wholesaler, manufacturer), 1499 Avenida Iquitos, Lima. WTD 6/17/66.

344 Fabricated structural metal products

● **IRAN**—100 oxygen cylinders of 40 liters capacity at 150 atmospheric pressure per cm.; 50 acetylene cylinders of 50 liters capacity at 15 atmospheric pressure per cm., 1,600 kgs. pure tin 99%. Tender No. 157, 155/45, bid deadline Aug. 20. Iranian State Railways, Maydane Rah Ahan, Tehran.

345 Screw machine products

● **BURMA**—Supply of various sizes and quantities of wood screws. Tender No. 319/T/CONST-BR/65-66, bid deadline Aug. 3. Chairman, Union of Burma Railway Board, Bogyoke Aung San St., Rangoon.★ (Telephone: 202-WO 7-5589).

NETHERLANDS—Industrial fasteners, especially for the automotive industry. Direct purchase and/or exclusive agency. Wurth Nederland N.V. (importer, wholesaler, exporter, agent), 87 Verwersstraat, 's-Hertogenbosch. WTD 6/9/66.

351 Engines, turbines

PHILIPPINES—Gasoline engines—2 to 28 hp.; diesel engines complete with clutch and reduction gears 6 to 30 hp. Direct purchase and agency. S. L. Salomon, General Manager, J. D. Daylo & Co. (importer, retailer, indentor, assembler), 2 Saint Peter, Cubao, Quezon City. WTD 9/15/64.

353 Construction, mining, materials handling machinery

● **BURMA**—One mobile mounted crane, air-cooled 54 hp. diesel engine, 5-ton lift capacity. Tender No. 136(T)/MCY-BR-65/66, bid deadline July 27. Chairman, Union of Burma Railway Board, Bogyoke Aungsan St., Rangoon.★ (Telephone: 202-WO 7-5566).

● **GREECE**—Five mobile mounted hydraulic excavators, two axle, 4x4 drive, low pressure tires, air brakes; attachments include shovel front, various types of buckets, backhoe, crane boom. Tender No. 471/66; no bid deadline announced. Ministry of Agriculture, Land Reclamation Service, 50 Kolokotroni St., Athens.★ (Telephone: 202-WO 7-5566).

IRAQ—Single grinding roll mill (tube) 14″ x 29″ diameter cylinder; triple grinding roll mill (tube); grinding ball mill (capacity 180 gallons per cylinder). National Paint Co. (private company), Zubair, Basra. WTD 6/22/65.

SAUDI ARABIA—Road repairing equipment, especially asphalt heaters and mixers. Hathal Abdul al-Otaibi (importer, wholesaler), P.O. Box 155, al-Khobar. WTD 4/26/66.

SOUTH AFRICA—Mining materials and equipment for use in gold and coal mines. Direct purchase and agency. Ferguson Steel Plant Auxiliaries (Pty) Ltd. (importer), P.O. Box 7152, Johannesburg. WTD 5/24/66.

URUGUAY—Marble, granite, dolomite, and talc mining and processing plants, complete. 220 v, 60 c. a.c. power available. Direct purchase and agency. M. Guelfi & Cfa. S.A. (importer), Av. Agraciada 1777, Montevideo. WTD 9/9/65.

354 Metalworking machinery

IRAQ—Mechanical press, 40 ton capacity to be used for the manufacture of cans for paint. National Paint Co. (private company), Zubair, Basra. WTD 6/22/65.

SOUTH AFRICA—Power driven tools for home workshops: circular and band saws, jointers, sanders, sprayers, woodturning lathes, portable drills and attachments. Requests catalogs and prices. Direct purchase and agency. Cape Hardware & Tool Suppliers (importing distributor), 10 Lower Burg St., Cape Town, Cape Province. WTD 4/21/66.

SWITZERLAND—Automotive maintenance machinery, power driven hand tools (220 volts, 50 cycles). Agency and direct purchase. Straub & Cie (importer, dealer), Nachfolger Max Etter, 4950 Huttwil BE. WTD in preparation.

Choice of language

Some people—about seven-eighths of them—just do not understand English.

So when you answer an advertiser in these pages who requests replies in his own language oblige him *and* yourself.

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355 Special industry machinery

BELGIUM—Marking machinery using three different colors; lettering machinery for marking tents. Direct purchase and/or agency. Industrial Marking, Kabey-Benelux (importer, wholesaler), 73 Avenue Heydenberg, Bruxelles 18. WTD 1/6/66.

PERU—Machinery and equipment to process (clean, fillet, pack) fish prior to freezing, for plant with capacity of 10 tons fish per two shifts per day. Pescados Peruanos S.A. (wholesaler, manufacturer), Apartado 5606, Lima. WTD 6/15/66.

PHILIPPINES—Wallboard manufacturing equipment and parts. Pedro A. Nisperos, Executive Asst. for Coordination, Philippine Wallboard Corp. (manufacturer, exporter), 117 Dasmarinas, Box 1373, Manila. WTD 2/4/66.

Ball pen manufacturing machines, materials, parts; snake skin curing machines and materials. Direct purchase and agency. Manuel Roxas de Jesus, General Manager, Manrox (importer, wholesaler, indentor), 5th Floor FGR Bldg., Buendia Ave., Makati, Rizal. WTD 4/30/65.

PORTUGAL—Paper sheet sorting machines. Companhia Portuguesa de Celulose, S.A.R.L. (manufacturer), Mills at Cacia, Aveiro. WTD 12/15/65.

URUGUAY—Machinery, for manufacture of men's socks, Jacquard process. Requests replies in Spanish. Berequet Ltda. (wholesaler, retailer), Colonia 1137, Montevideo. WTD 6/8/66.

Meat packing plant, complete, with facilities capable of processing 2,600 head of cattle per day. Requests replies in Spanish. Establecimiento San Pedro de Ignacio Mendiboure (manufacturer), c/o Dr. Eduardo Silva Sales, Calle Ituzaingo 1312-P.1-Esc. 104, Montevideo. WTD 6/7/66.

356 General industrial machinery

● **INDIA**—Supply of 3 air motor driven pneumatic sump pumps, with a 250 GPM capacity and 220 ft. head. Tender No. SE-5/224/35/077, bid deadline Aug. 9. Director General of Supplies and Disposals, National Insurance Bldg., Parliament St., New Delhi. Copies of the tender documents available for $1 from the India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C., 20008. (ISM Ref. No. D/ENQ/2042).★ (Telephone: 202-WO 7-5589).

357 Office, computing, accounting machines

PHILIPPINES—Computing machines. Direct purchase and agency. Norman V. Certeza, President and General Manager, Certeza Instruments Corp. (importer, wholesaler, retailer, indentor, manufacturer), 855 Epifanio de los Santos Ave., Box 46, Quezon City. WTD 6/25/65.

SPAIN—All types and classes of office machines. Requests replies in Spanish. Enrique Lopez Lopez (importer, wholesaler), Puerta del Sol 6, Madrid (14). WTD 6/22/66.

358 Service industry machines

NORWAY—Automatic vending machines for hot and cold beverages, candy, and ice cream. Direct purchase and agency. Didr. Anderson & Son A/S (wholesaler, manufacturer, agent), 3 Foreningsgaten, Bergen, Norway. WTD 6/6/66.

PERU—25 to 50 reconditioned display cases for frozen fish. Pescados Peruanos S.A. (wholesaler, manufacturer), Apartado 5606, Lima. WTD 6/15/66.

PHILIPPINES—Refrigerants and refrigeration appliance component parts. Dante G. Santos, President and General Manager, Philippine Appliance Corp. (manufacturer), Dr. A. Santos Ave., Paranaque, Rizal. WTD in preparation.

361 Electric transmission, distribution equipment

SWEDEN—Equipment to supply electricity to movable machinery such as cranes, mining equipment, harbor (loading and unloading) machinery, and other heavy industrial machinery which is not fixed and requires electric power brought to it. Equipment of this kind would be portable generators, power transmission lines of varying capacities. Direct purchase and agency. Carl Strom AB, (importer, retailer, wholesaler, sales agent). Kaptensgatan 13, Stockholm. WTD 4/29/66.

362 Electrical industrial apparatus

● **BURMA**—10 trailer mounted diesel engine driven arc welders, 60-400 amp. range. Tender No. 3M(Q)/MCY-PWC(M)65-66, bid deadline July 29. Director of Engineers, Public

Works Corp., Scwedagon Pagoda Rd., Rangoon.★ (Telephone: 202-WO 7-5652).

363 Household appliances

GREECE—Small household appliances, including mixers, blenders, pressure cookers. Requests catalogues, price lists, and any other descriptive literature. Direct purchase and agency. Request replies in French. Dimitri Plithas (importer, wholesaler, sales agent), 34 Omirou St., Athens 135. WTD 6/17/66.

NORWAY—Electric carving knives, battery powered or for 220 volt 50 cycle. Direct purchase and agency. Didr. Anderson & Son A/S (wholesaler, manufacturer's agent), 3 Foreningsgaten, Bergen, Norway. WTD 6/6/66.

SPAIN—Sewing machines for domestic and industrial use. Direct purchase and agency. Manuel Romero (wholesaler, retailer, manufacturer), Doctor Areilza 8, Bilbao. WTD 6/17/66.

SWITZERLAND—Household appliances, all kinds, 220 volts, 50 cycles; household novelties. Agency and direct purchase. Straub & Cie (importer, dealer), Nachfolger Max Etter, 4950 Huttwil BE. WTD in preparation.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

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365 General industrial machinery

SOUTH AFRICA—Oil and gas compressors, high pressure. Portable Products Co. (manufacturer, importer, retailer, wholesaler), P.O. Box 7901, Johannesburg. WTD 6/1/66.

366 Communication equipment

ENGLAND—Manufacturer of industrial photoelectric and electronic controls including burglar alarm systems, seeks extension of its range of intruder devices. Particularly interested in new and novel forms of intruder alarms. Agency and direct purchase. Radiovisor Parent Ltd., Stanhope Works, High Path, London, S.W. 19. WTD 2/1/66.

● **GREECE**—Supply of one printing reperforator with keyboard. Tender No. 51427/66, bid deadline July 25. Ministry of National Defense, 2 Paparigopoulou St., Athens.★ (Telephone: 202-WO 7-4823).

● **IRAQ**—Supply of spare parts for telephone switchboard. Tender No. SIGS/12/966, bid deadline Aug. 23. Further information may be obtained from the Office of the Armed Forces Attache, Embassy of Iraq, 3510 Garfield St. NW., Washington, D.C.★ (Telephone: 202-333-4028).

PHILIPPINES—Portable intercommunication signalizers for hospital use. Direct purchase and agency. Norman V. Certeza, President and General Manager, Certeza Instruments Corp. (importer, wholesaler, retailer, indentor, manufacturer, assembler). 855 Epifanio de los Santos Ave., Box 46, Quezon City. WTD 6/25/65.

369 Electrical machinery, equipment, supplies

● **IRAQ**—Supply of X-ray equipment including, but not limited to, the following: X-ray films, various sizes; fixers and developers for X-ray purposes; urographine; myodil; dionosil aqueous. Tender No. MED/5/966, bid deadline Aug. 13. Office of the Director of Medical Services, Ministry of Defense, Baghdad.★ (Telephone: 202-WO 7-2939).

MOROCCO—X-Ray equipment and accessories. Requests quotations Casablanca. Direct purchase and agency. Ets O. D. Kellner (importer), 144-146 Rue de Karatchi, Casablanca. WTD 6/20/66.

PHILIPPINES—Battery parts: cases, covers, rubber separators. C. J. Unson, Jr., Asst. General Manager, C. C. Unson Co., Inc. (manufacturer), 1262 Espana, Manila. WTD in preparation.

371 Motor vehicles, motor vehicle equipment

PHILIPPINES—Jacks, light and heavy duty, manual and hydraulic. Direct purchase and agency. August Merx, Vice-President, Solex Tool Corp. (importer, wholesaler, retailer, indenter), 355 Barraca, Box 4056, Manila. WTD in preparation.

Replacement parts for trucks. Direct purchase and agency. Jose C. Ongsip, Owner-General Manager, I.M. Auto Supply (importer, wholesaler, retailer, indentor), 643 Oriente, Binondo, Box 463, Manila. WTD in preparation.

Surplus motor vehicles (¼ ton, 4 x 4, ½ ton, 4 x 4; ¾ ton, 4 x 4; and 2-½ ton, 6 x 6 trucks); and surplus motor vehicle parts. Jose C. Ongsip, Owner-General Manager, I.M. Auto Supply (importer, wholesaler, retailer, indentor), 643 Oriente, Binondo, Box 463, Manila. WTD in preparation.

381 Engineering, laboratory, scientific, research instruments

● **KOREA**—Supply of 3 portable high volume air samplers with accessories; self-charging low volume air sampler; detector assembly for spherical neutron dosimeter; electronic calculator. Tender No. KFX-6091-N, bid deadline July 26. Office of Supply, Government of the Republic of Korea, Seoul.★ (Telephone: 202-WO 7-2939).

PHILIPPINES—Surveying apparatus, supplies, accessories; engineering instruments; navigation instrument supplies. Direct purchase and agency. Norman V. Certeza, President and General Manager, Certeza Instruments Corp. (importer, wholesaler, retailer, indentor, manufacturer, assembler), 855 Epifanio de los Santos Avenue, Box 46, Quezon City. WTD 6/25/65.

383 Optical instruments, lenses

SWEDEN—Optical instruments and fibre optics. Axel V. Bergstrom AB (importer, wholesaler), Pyramidvagen 7, Solna. WTD 3/16/65.

384 Surgical, medical, dental instruments, safety devices

BELGIUM—Industrial safety helmets, gloves, goggles. Etablissements G. Jerome (importer, agent), 76 Rue Antoine Dansaert, Brussels. WTD 6/7/66.

386 Photographic equipment

PHILIPPINES—Motion picture equipment and supplies; motion pictures and films. Direct purchase and agency. E. de Castro, Manager, Continental Movie Enterprises (distributor), 501 Ema II Bldg., Plaza Sta. Cruz, Manila. WTD in preparation.

SWEDEN—High-speed cameras and multidata cameras. Axel V. Bergstrom AB (importer, wholesaler), Pyramidvagen 7, Solna. WTD 3/16/65.

SWITZERLAND—Photographic equipment, cameras, films, developing and printing equipment, accessories, all kinds. Direct purchase and agency. Beffa (importer, distributor), Winterholzstrasse 55, 3018 Bern. WTD in preparation.

391 Jewelry, silverware, plated ware

SOUTH AFRICA—Gold and precious jewelry. Requests catalogs and price lists. Kurt Baldinger & Sons Master Jewellers (Pty.) Ltd. (importing distributor and manufacturer), P.O. Box 1922, Cape Town. WTD 6/10/66.

399 Manufacturing industries

HONG KONG—Combs, fitted with attachment containing non-staining hair dyes, for men and women. Samples, catalogues, and prices quoted c.&f. Hong Kong requested. Wan Shing Co. (importer, exporter, wholesaler, retailer), G.P.O. Box 1124, Hong Kong. WTD 5/10/66.

508 Machinery, equipment

SOUTH AFRICA—Oxygen plant machinery and equipment. Portable Products Co. (manufacturer, importer, retailer, wholesaler), P.O. Box 7901, Johannesburg. WTD 6/1/66.

722 Aerial photography service

● **BAHAMAS**—Government of Bahamas invites tenders for aerial photography and mapping of certain areas of the Bahamas. Bid deadline Aug. 1, reference Q349/5. Contractors should write to Crown Agents for Overseas Governments and Administrations, 4 Millbank, London, S.W.1, England.★ (Telephone: 202-WO 7-2911).

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Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

011 Field crop farms

GREECE—Linseed; approximately 8,000-9,000 tons annually. M. A. Dimitracopoulos (sales agent), 28 Nikis St., Athens 118. WTD 6/10/66.

205 Bakery products

BELGIUM—Biscuits, cookies, other bakery products. Exclusive agency or distributorship for Belgium. Tuberie Disonaise S.A. (manufacturer, exporter), 122 Rue Pisseroule, Dison-Verviers. WTD 6/17/66.

207 Confectionery

BELGIUM—All kinds of confectionery products. Exclusive agency or distributorship for Beligium. Tuberie Disonaise S.A. (manufacturer, exporter), 122 Rue Pisseroule, Dison-Verviers. WTD 6/17/66.

230 Apparel

BELGIUM—Men's and women's ready made outerwear, including light summer clothes and casual clothing. Exclusive agency or distributorship for Belgium. Tuberie Disonaises S.A. (manufacturer, exporter), 122 Rue Pisseroule, Dison-Verviers. WTD 6/17/66.

232 Men's, youths', boys' furnishing

THAILAND—Sport shirts, bathing suits, vests, underwear, nylon socks, etc. Requests catalogs and c.i.f. price quotations. Samit Export-Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wangburapa, Bangkok. WTD in preparation.

233 Women's, misses', juniors' outerwear

THAILAND—Women's bathing suits. Requests catalogs and price lists. Samit Export Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wangburapa, Bangkok. WTD in preparation.

234 Women's, misses', children's, infants' under garments

THAILAND—Brassieres and girdles. Requests catalogs and price lists. Samit Export Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wangburapa, Bangkok. WTD in preparation.

238 Apparel, accessories

BELGIUM—Rain coats for ladies and men. Exclusive agency or distributorship for Belgium. Tuberie Disonaise S.A. (manufacturer. exporter), 122 Rue Pisseroule, Dison-Verviers. WTD 6/17/66.

239 Fabricated textile products

THAILAND—Towels, bed-spreads, handkerchiefs. Requests catalogs and price lists. Samit Export Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wang Burapa, Bangkok. WTD in preparation.

261 Pulp mills, products

BELGIUM—Paper pulp, all kinds. Anc. Ets. Thome Freres (importer), Etathome S.A., 10, Digue du Canal, Brussels 13. WTD 6/3/66.

264 Converted paper, paperboard products

PHILIPPINES—Paper products including cellophane and printing paper. Ban Bee Trading (importer, wholesaler, retailer), 670 Juan Luna, Manila. WTD in preparation.

273 Books

DOMINICAN REPUBLIC—Scientific and engineering books in English, Spanish or French. Libreria "Fiume A. Vicini" (importer, retailer), Avenida Lope de Vega (Prolongacion), Santo Domingo. WTD in preparation.

281 Industrial chemicals

PHILIPPINES—Chemicals used in manufacturing TV tubes. E. C. Geeslin, President Morris Corp. (indentor), 305 Bank of PI Bldg., Plaza Cervantes, Box 1451, Manila. WTD in preparation.

306 Fabricated rubber products

THAILAND—Rubber hoses. Requests catalogs and price lists, f.o.b. and c.i.f. basis. Device Trading Ltd. Partnership (importer, wholesaler, retailer), 222/11-12 Lan Luang Rd., Bangkok. WTD in preparation.

317 Handbags, personal leather goods

THAILAND—Ladies' handbags. Requests catalogs and price lists. Samit Export Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wangburapa, Bangkok. WTD in preparation.

342 Cutlery, hand tools, general hardware

PHILIPPINES—Builder's hardware including door locks. A. L. Nabong, President and General Manager, A. L. Nabong & Co., Inc. (importer, wholesaler, retailer), 176 Dasmarinas, Box 414 Manila. WTD in preparation.

SPAIN—Builders' hardware, all kinds. Requests replies in Spanish. Pedro Martinez Rossi (agency), Apartado 1288, Santa Cruz de Tenerife (Canary Islands). WTD 6/20/66.

343 Heating apparatus, plumbing fixtures

PHILIPPINES—Gas stoves, ranges; household and service industry. B. I. Santiago, Appliance Manager, Guevara & Sons, Inc. (importer, wholesaler, indentor), Volkswagen House, Teodoro M. Kalaw St., Box 3130, Manila. WTD 4/10/65.

351 Engines, turbines

PAKISTAN—Diesel engines, 750 r.p.m. Requests catalogs and quotations, c.&f., Karachi. Trade Linkers (indent agent), 15 Motan Bldg., Bunder Rd., Karachi. WTD 9/13/65.

PHILIPPINES—Marine engines and outboard motors. Lorenzo de Vera, Jr., Sales Manager, Samson Boat and Allied Industries, Inc. (manufacturer, importer, exporter, wholesaler, retailer), Km. 12.7, Las Pinas, Rizal. WTD 4/19/56.

352 Farm machinery, equipment

GREECE—Feedstuffs processing and packaging machinery and equipment. Requests descriptive literature, catalogues, price lists. M. A. Dimitracopoulos (sales agent), 28 Nikis St., Athens 118. WTD 6/10/66.

PHILIPPINES—Tobacco and tomato harvesters, corn shellers, crop dryers. Jim S. Moir, General Merchandise Manager, Honiron Philippines, Inc. (importer, wholesaler, retailer, indentor, manufacturer, assembler), 2nd and Tacoma Streets, Port Area, Box 282, Manila. WTD 4/1/66.

353 Construction, mining, materials handling machinery

GREECE—Ore processing machinery and equipment. Requests descriptive literature, catalogues, price lists. M. A. Dimitracopoulos (sales agent), 28 Nikis St., Athens 118. WTD 6/10/66.

PAKISTAN—Scrapers, motorized, construction. Requests catalogs and quotations, c.&f., Karachi. Groupe Marketing Limited (importer, agent), P.O. Box 4144, Premier Insurance Bldg., Wallace Rd., Karachi 2. WTD 5/19/66.

PHILIPPINES—Rotavators, concrete-mixers (tractor mounted). Jim S. Moir, General Merchandise Manager, Honiron Philippines, Inc. (importer, wholesaler, retailer, indentor, manufacturer, assembler), 2nd and Tacoma Streets, Port Area, Box 282, Manila. WTD 4/1/66.

354 Metalworking machinery

SOUTH AFRICA—Hand tools and accessories applicable to automotive trade. Walter W. Livingstone (sales agent), P.O. Box 11558, Johannesburg. WTD 6/15/66.

355 Special industry machinery

GREECE—Foodstuffs processing and packaging machinery and equipment in general. Requests catalogues and price lists. M. A. Dimitracopoulos (sales agent), 28 Nikis St., Athens 118. WTD 6/10/66.

NEW ZEALAND—Garnett wire for textile waste trade. Chemtex Pty. Ltd. (importer, manufacturer's representative), 158 Ferry Rd., Christchurch. Attn: John Connor, Manager. WTD in preparation.

PHILIPPINES—Structural steel fabricating equipment. Jose P. Dans, Jr., President, Erectors, Inc. (manufacturer), Cainta-Calumpang Rd., Cainta, Rizal; Box 1536, Manila. WTD in preparation.

Cement and plywood plants, food processing and packaging equipment, beverage filling machines and bottle washers. Alfonso F. Gotuaco, President and General Manager, Gotuaco (Inc.) (indentor), 8 Clipper Ave., Paranaque, Rizal; Box 320, Manila. WTD in preparation.

356 General industrial machinery

PHILIPPINES—Air compressors. Albert B. Truax, Vice-President and General Manager, Sual Trading Co. (importer, exporter, wholesaler, indentor), 217 Aurora Boulevard, San

Juan, Rizal; Box 1895, Manila. WTD in preparation.

362 Electrical industrial apparatus

PAKISTAN—Generator sets, diesel-engine driven. Importer requests catalogs and quotations, c.&f., Karachi. Groupe Marketing Ltd. (agent), P.O. Box 4144, Premier Insurance Bldg., Wallace Rd., Karachi 2. WTD 5/19/66.

366 Communication equipment

PAKISTAN—Transmitters, microwave-receivers and antennas; cables, telephone; signal systems, railroad. Importer requests catalogs and quotations, c.&f., Karachi. Trade Linkers (indent agent), 15 Motan Bldg., Bunder Rd., Karachi. WTD 9/13/65.

PHILIPPINES—Radio broadcasting equipment, HF/SSB, VHF/FM; electronic components. Ricardo Suntay, President, Mecury Electronics Corp. (indentor), 456 Arquiza, Ermita, Manila. WTD 4/13/65.

367 Electronic components, accessories

PHILIPPINES—Parts used in manufacturing TV tubes. E. C. Geeslin, President, Morris Corp. (indentor), 305 Bank of PI Bldg., Plaza Cervantes, Box 1451, Manila. WTD in preparation.

371 Motor vehicles, motor vehicle equipment

DOMINICAN REPUBLIC—Automobile parts: piston rings; gaskets; piston ring valve lifters; spark plugs; oil filters; pistons; electrical parts. Repuestos Saturio, C. por A. (importer, wholesaler, retailer), Eusebio Manzueta No. 157, Santo Domingo. WTD in preparation.

PAKISTAN—Trailers, truck, heavy duty. Importer requests quotations, c.&f., Karachi. Groupe Marketing Limited (agent), P.O. Box 4144, Premier Insurance Bldg., Wallace Rd., Karachi 2. WTD 5/19/66.

PHILIPPINES—Auto and truck spare parts. A. L. Nabong, President and General Manager, A. L. Nabong & Co. Inc. (importer, wholesaler, retailer, indentor), 176 Dasmarinas, Box 414, Manila. WTD in preparation.

Automotive parts, accessories. Manuel Roxas de Jesus, General Manager, Manrox (importer, wholesaler, indentor), 5th Floor, FGR Bldg., Buendia Ave., Makati, Rizal. WTD 4/30/65.

When a foot is not a foot

If your printer quoted you a price on 21.5 by 27.9 centimeter letterheads you would think he was in the wrong country.

You probably would pass up the service station where pumps measured gasoline by the liter.

The advertisers in these pages—except those from the U.K. and the British Commonwealth countries—are just as partial to the metric system as you are to inches and gallons.

So when you answer one of them, quote in metric measurements.

Ask the Department of Commerce Field Office.

396 Costume jewelry, novelties, buttons, notions

THAILAND—Cuff links and tie pins. Requests catalogs and price lists. Samit Export Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Wangburapa, Bangkok. WTD in preparation.

399 Manufacturing industries

THAILAND—Cigarette lighters. Requests catalogs and price lists. Samit Export Import Co. Ltd. (importer, wholesaler), 786 Panurangsri Rd., Bangkok. WTD in preparation.

Fire extinguishers and fire fighting equipment. Requests catalogs and price lists, f.o.b. and c.i.f. basis. Device Trading Ltd. Partnership (importer, wholesaler, retailer), 222/11-12 Lan Luang Rd., Bangkok. WTD in preparation.

Leads for Importers

Commodities are offered direct unless specified

203 Canning, preserving foods

VENEZUELA—Canned sardines, other canned sea foods. Requests replies in Spanish. Industrial de Pesca, C.A. (canned fish products), Apartado 3643, Edificio El Aguila, Esquina de Petion, Este 10, Caracas. WTD 6/14/66.

220 Textile mill products

PAKISTAN—Hand loomed fabrics manmade, silk for men's and women's wearing apparel; cotton checks, bed spreads. Paradise Textile Mills (importing distributor, manufacturer), Manzurabad, Outside Delhi Gate, Multan City, West. WTD 6/17/66.

311 Leather tanning, finishing

SOUTH AFRICA—Buyers sought for South African chamois skins on following basis: Quantity: can be supplied in accordance with request; Price: various prices are applicable dependant upon size & quality; Quality: two or three standard qualities are produced but special qualities are produced against order; Packing: leather can be individually packed or in bundles, or stamped with the importers name and/or brand. Gerald S. Gundle (Pty.) Ltd. (exporter), P.O. Box 5173, Johannesburg. WTD 12/13/65.

355 Special industry machinery

FRANCE—Ceramic machinery, patented equipment, including cup-making machines (semi-automatic, twin-head jiggers), porcelain-clay shaping machines, and related lines. Also machinery for the paint industry, such as paint-crushers and others. Exportation direct to interested industries or through well-established sales agents. A. Faure & Cie. (manufacturer, exporter), 21 Place Winston-Churchill; 87- Limoges, Haute-Vienne. WTD 6/21/66.

399 Manufacturing industries

BELGIUM—Brightly colored foam rubber cube which has a hollowed opening in the middle in which ladies stockings can be inserted to be washed and wrung out without any damage to the stockings. Sample available on loan from the U.S. Department of Commerce, Trade Opportunities Staff, BDSA-624, Rm. 4203, Washington, D.C. 20230. Fedo (importer, exporter, wholesaler), 17 Goudbloemstraat, Antwerp. WTD 8/10/65.

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated

AUSTRALIA—Norman G. Webster, Bell's Asbestos and Engineering (Aust.) Ltd., 52 Foveaux St., Sydney N.S.W., **interested in meeting manufacturers and dealers in steam control equipment; requesting technical information.** July 16 via New York for 18 days. c/o Department of Commerce Field Offices en route. Itinerary: New York, Philadelphia, Atlantic City, Rochester, Cleveland, Detroit, Chicago, Los Angeles, San Francisco. WTD 2/24/66.

BELGIUM—Philippe Desmoulin, Commercial Manager, and Firmin Papegnies, Technical Manager, representing Ets. Leon Dubois, S.P.R.L., 9 Rue Laterale, Trazegnies, **interested in purchasing lumber, both soft and hardwoods.** July 15 via New York for one month. c/o Department of Commerce Field Offices en route. Itinerary: Montreal; July 22 to Aug. 3 Chicago; Madison, Ill.; Louisville, Ky.; Memphis; Aug. 4 to 12 Charlottesville, Va.; Washington; New York. WTD 3/16/66.

CEYLON—D. M. Perera, Product Manager, British Ceylon Corp. Ltd., Hulftsdorp Mills, Colombo 12, **interested in contacting manufacturers of machinery to can fruit and fruit juices.** July 24 via New York for one month. c/o Amato Agency, 11 Broadway, New York 4, N.Y., or Embassy of Ceylon 2148 Wyoming Ave., N.W., Washington, D.C. Itinerary: New York; Washington, D.C.; San Francisco; others to be arranged. WTD under revision.

FRANCE—Henri Kahn, Ets. Freka S.A., 93/95 Rue Dedieu, Villeurbanne (Rhone), **interested in buying fabrics for women's sport shirts and blouses and direct purchase/agency for same products.** July 23 via New York for five weeks. c/o Alfred Kahn, 9123 Stella Link, Houston, Texas. Itinerary: New York, Houston. WTD 6/27/66.

FRENCH WEST INDIES—Jean Provot, Manager, Jean Provot, 20 Rue Bebian or B.P. 401, Pointe-a-Pitre, Gaudeloupe, **interested in children's clothes, women's underwear, and men's shirts.** July 15-20 via New York for 10 days. c/o Andre Thouvard, 445 E. 86th St., New York, N.Y. Itinerary: New York. WTD 1966.

IRAN—Dr. Mohamed Ali Shahrokhi-nia, Agricultural Credit Bank, Sepah Ave. opposite the Post Office, Tehran, **interested in chain store operation, cold storage and deep freeze systems for all types of food; requesting technical information.** July 25 via Washington, D.C., for two weeks. c/o Anoushiravan Mansour, Embassy of Iran, 3005 Massachusetts Ave. N.W., Washington D.C. Itinerary to be arranged. WTD in preparation.

IRAQ—Dr. Tariq Al-Khudayri, Industrial & Engineering Consulting Bureau, P.O. Box 546, Abdul Munim Al Khudayri Bldg., South Gate, Baghdad, **interested in contacting U.S. contractors and consultants who want to do business in Iraq, particularly those in the petroleum and chemical fields, and in meeting firms interested in hotel management.** July 3 via New York for one month. c/o Zoe Eagles, Route 1, Yale, Oklahoma 74085. Itinerary: New York, Yale and other cities in Oklahoma; other visits to be determined. WTD 2/4/66.

KOREA—Lee Chang-shik, President, Chun Bo Dang Optical Co., 6, 2-ka, Chong-no, Chongno-ku, Seoul, **interested in purchasing machinery to grind lenses and make spectacle frames.** July 13 via Hawaii for about 15 days. c/o American Optical Co., South Bridge, Mass. Itinerary: Hawaii, Fullerton, Calif., Washington, D.C., New York. WTD 1/16/66.

MOROCCO—Haim Malka, representing Malka Freres Imprimerie, Rue ait-Ba Amram, Casablanca, **interested in printing material, such as offset and continuous forms; requesting technical information.** July via New York for one week. c/o Robert Cohen, Argyle Rd., Plainview, Long Island, N.Y. Itinerary: New York, Los Angeles, San Francisco. WTD in preparation.

NIGERIA—F. A. Okolo, Island Bazaar, 4 Nnamdi Azikiwe St., Lagos, **interested in meeting manufacturers to discuss agency representation for textile and fancy goods, such as Dacron, embroidery goods, brocades, ready-to-wear shirts, blouses, and other apparel items.** Early July via New York for four weeks. c/o Arka Corp., Inc., 377 Broadway, New York, N.Y. Itinerary: New York and environs. WTD 9/27/65.

SWEDEN—A. Martin Bortas, Managing Director, Bla Pilen AB, Fack 61, Insjon, **interested in buying and selling ties, scarves, knitted caps, visiting tie factory and knitting mill which uses large machinery; requesting technical information.** Via New York until Aug. 8. c/o R. Persson, 53 Henry St., Southampton, N.Y. Itinerary: New York, Chicago, San Francisco. WTD 6/27/66.

SWITZERLAND—Walter Ruegg, Auf der Egg, 8165 Oberweningen, **interested in meeting U.S. manufacturers of general hardware and hand tools to discuss direct purchase/agency agreements for Western European distribution.** July 14 via New York for three weeks. c/o A. Ehrensperger, Lafayette Rd., Harrington Park, N.J. Itinerary: New York, Cleveland, Buffalo, Detroit, Chicago, Milwaukee, Madison, Rockford. WTD in preparation.

Future Construction

For maximum assistance to those interested in overseas construction projects, U.S. Foreign Service officers report them as soon as possible, often in early planning stages. Some may not reach completion as originally proposed. In such cases additional information is published as it is obtained.

JAMAICA—A loan equivalent to $22 million to the Jamaica Public Service Co., Ltd., for **electric power development** was approved by the World Bank. The loan will assist in financing the installation of 121,000 kilowatts of new generating capacity and the expansion and improvement of transmission and distribution systems throughout the island. The project will more than double Jamaica's present public supply of power.

The works being assisted by the Bank loan are those to be undertaken during the first 3½ years of the company's 10-year development program. They consist mainly of the construction of a **new steam station at Old Harbour Bay,** about 20 miles from Kingston. Initially the plant will have an installed capacity of 99,000 kilowatts, but is being designed to house future units of 100,000 kilowatts capacity.

In order to meet power requirements before this station comes into operation and to provide peaking capacity thereafter, 22,000 kilowatts of **diesel-driven generating plant** will be installed at Montego Bay, Monymusk and other critical points on the system.

The project also includes the construction of 191 miles of additional **high voltage transmission lines,** principally to link the new power station with Kingston and other load centers, but also to reinforce the existing system. The distribution network will also be reinforced, reconstructed and extended.

Engineering consultants are designing the steam station and main transmission works and will supervise their construction. Design and construction of the distribution works will be carried out by the company's own staff.

Contracts for civil works and for plant equipment are being awarded on the basis of international competitive bidding. The first 33,000-kilowatt unit of the Old Harbour plant is expected to come into operation in June 1968; the second unit, of 66,000 kilowatts, is scheduled for completion a year later, at which time the transmission and distribution works should be finished.

The total cost of the project is estimated at the equivalent of $41.1 million. The Bank loan of $22 million will cover the foreign exchange requirements; the remaining costs will be met by the Jamaica Public Service Co., Ltd., from other sources.

JAPAN—A $2 million loan has been authorized by the Export-Import Bank of Washington to Ube Industries, Ltd., of Japan. Proceeds of the loan will help finance purchases of equipment and services from the United States for construction of a 600-ton per day **ammonia unit at a new chemical fertilizer plant** at Sakai near Osaka. Total cost of the near over-all project is estimated at $72.7 million and will include **construction of a urea plant and a caprolactam plant in addition to liquid ammonia tankers, an on-site power plant and supporting installations.**

Items to be purchased in the United States under the $2 million loan **include compressors, a fabricated reformer, burners and catalyst.** Proposed suppliers include Clark Brothers Co. of Olean, New York; Huntington Alloy Products of Huntington, West Virginia; Piping Engineering Co. and the John Zink Co., both of Tulsa, Oklahoma; Girdler Corp. of Louisville, Kentucky; Cornell & Underhill, Inc., of Hoboken, New Jersey; and Duraloy Co. of Scottdale, Pennsylvania. Technical assistance will be furnished by M. W. Kellogg Co. and Kellogg Technical Services Corp., both of New York.

Ube Industries, one of the leading industrial complexes in Japan, ranks among the first 50 corporations in that country. Originally engaged in the mining and processing of coal, limestone, silica, and clay, it now also produces chemical fertilizers, pharmaceuticals, polyethylene and other industrial chemical fertilizers, pharmaceuticals, polyethylene and other industrial chemicals, caprolactam, cast iron and steel products, and rolled iron and steel bars.

KOREA—Korea's first **sewage treatment plant** will be built in Seoul with the assistance of a $3.5 million loan from the Agency for International Development. Proceeds from the loan will be used **to purchase U.S. equipment, engineering, consulting and initial operating services.** The loan also will provide for training Korean engineers in the United States. The sewage treatment plant in scheduled for completion in 1970.

Local currency costs of the project, including construction of intercepting sewers which will be built at the same time as the treatment plant, will total the equivalent of $7,298,515. The Korean Reconstruction Bank will loan $2.2 million of this amount. The balance will be furnished by the Seoul municipal government and the Korean federal government.

The sewage treatment plant will be designed to process and treat a minimum of 66 million gallons daily of water-borne sewage from the 1.3 million inhabitants of the Chong Gye Chun drainage area, which includes downtown Seoul.

Treatment of sewage before release into the Han River, the source of 97% of Seoul's raw water, will also reduce pollution of the river and enhance its recreational use.

LEBANON—An agreement between Conrad Hilton and the Lebanese "Tourism and Hotel Development Corporation SAL" has been announced, for the operation of a **500-room hotel** by the Beirut seashore near the airport. A ballroom to accommodate 1,000 people, a coffee shop, a fresh water pool and other amenities will, in due course, be supplemented by a salt water pool, and other sports activities at the sea level.

LIBYA—A $7 million contract for the construction of the **Derna sewage project** and ancillary facilities was awarded recently to a Lebanese firm, The Construction and Trading Co. (C.A.T.), P.O. Box 137, Benghazi, Libya. The contract was signed in Benghazi by GOL's Ministry of Public Works. One of several included in Libya's Five Year Plan for sewage works, the Derna project entails the construction of a storm water drain network, administrative installations and a water purification plant. The purified water will be used to irrigate agricultural land east of Derna.

PAKISTAN—Consulting services of two U.S. engineering firms will be provided for the West Pakistan Water and Power Development Authority under a U.S. Government loan to be extended to Pakistan by the Agency for International Development.

Proceeds of the $6 million AID loan will finance the continued services of the Harza Engineering Company International of Chicago and of Tipton and Kalmbach, Inc. of Denver. Harza is helping WAPDA to plan the long-range development of water and power in West Pakistan, supervise construction projects and develop irrigation and power installations. Tipton and Kalmbach's consulting services relate to planning salinity control and reclamation in the Punjab region.

The loan, from 1965 fiscal year funds, partially fulfills the U.S. pledge to Pakistan made in 1964 through the World Bank consortium that coordinates external aid for Pakistan.

A **wire and cable manufacturing plant** is to be built at Chittagong, East Pakistan, according to an agreement signed on June 10 between a German firm and the East Pakistan Industrial Development Corporation (EPIDC). The German partner, Engineers Consortium, is a group of German and Dutch consultants and suppliers organized by the German firm Coutinho, Caro & Co., and will provide architectural design, engineering facilities, plant and equipment under a "turn key" contract.

Total cost of the plant will be $6.2 million and it is expected to be completed in 1968. Full production will be 6,000 tons of PVC insulated wires and cables, and 500 tons of super enamelled copper wire per year.

It is claimed the local production of these products will save about $200,000 in foreign exchange in the first year of operation and over $2 million by the fifth year.

PORTUGAL—The World Bank has approved two loans totaling the equivalent of $30 million for the **expansion of electric power** in Portugal. A loan of $20 million will assist in financing the construction of the **180,000-kilowatt Carrapatelo hydroelectric project** on the Douro River near Porto in northern Portugal. The second loan, of $10 million, will finance the installation of a second **125,000-kilowatt unit at the Carregado thermal plant** near Lisbon. The projects are part of Portugal's continuing electric power expansion program.

The $20 million loan for the Carrapatelo project was made to the Hidro-Electrica do Douro (HED), established in 1953 to develop the hydroelectric potential of the Douro River and some of its tributaries.

HED has already built three plants with a combined capacity of 550,000 kilowatts on the international stretch of the Douro which was allocated to Portugal under the 1927 agreement with Spain. A Bank loan of $7.5 million assisted the completion of the Bemposta project in this group.

The Carrapatelo project will be the first of five developments planned on the stretch of the Douro River entirely within Portugal. The site is about 36 miles from the mouth of the river and is accessible by road, rail or river transport. The project includes the construction of a **gravity dam, navigation locks** and a **powerhouse** in which three 60,000-kilowatt units will be installed.

The total cost of the project is estimated at the equivalent of $47 million. The Bank loan of $20 million will cover 42% and be used for both foreign and local expenditure; HED will provide the remaining funds from reserves and issues of bonds and shares. Construction has already started; the first unit is scheduled to come into operation in 1969 and the others a year later. Contracts for the civil works were awarded after international competitive bidding and equipment is being purchased on the basis of international bidding, with Portuguese firms participating in both cases.

The $10 million loan for the Carregado plant was made to Empresa Termoelectrica Portuguesa (ETP), a company originally formed to build and operate the Tapada do Outeiro thermal plant near Porto. A Bank loan of $5 million in 1963 financed the installation of the third 50,000-kilowatt unit at this plant. After the Portuguese authorities decided to include major thermal plants in their power development program, the role of ETP was greatly expanded. Early in 1965, the Bank made a loan of $15 million for the construction of the Carregado thermal plant near Lisbon, which will have an ultimate capacity of 500,000-kilowatts. The loan announced today will assist in financing the installation of the second 125,000-kilowatt unit at the Carregado plant. The first unit is scheduled to come into operation in mid-1967 and the second in late 1968.

The total estimated cost of the second unit is $15.3 million, of which the Bank loan of $10 million will cover almost two-thirds. ETP will provide the remaining financing from reserves and the proceeds of a new share issue.

SPAIN—Proceeds of a recently authorized $40 million Export-Import Bank loan to Empresa Nacional Siderurgica, S.A. will finance the purchases of a **blast furnace, basic oxygen furnaces and continuous casting plant, and related equipment** to be provided by Koppers Co. as the result of international tenders. The new facilities will be installed at the company's main works at Aviles on the northwest coast of Spain.

Empresa Nacional Siderurgica has the largest integrated Spanish steel plant. Eximbank has previously extended $44.4 million in loans to the company to finance purchases of equipment and services in the United States. Koppers Co. of Pittsburgh will serve Empresa Nacional Siderurgica as engineer contractor. Assisting the Spanish firm as technical advisor is Armco International, a subsidiary of Armco Steel Co. of Middletown, Ohio.

A $2.1 million loan to Gas y Electricidad, S.A., a utility selling power in the Balearic Islands, has been authorized by the Export-Import Bank of Washington. IGE Export Division of the General Electronic Co., the supplier, is participating in Eximbank's loan in the amount of 15% of the invoice value. Total cost of the undertaking is equivalent to $2,555,000 dollars, including local costs. Equipment financed by Eximbank's loan includes two 14.5 megawatt gas turbine generators. In 1962 Eximbank extended a loan of $3,560,000 to the same borrower, proceeds of which were used to finance the purchase in the United States of a 37.5 megawatt thermal generating unit now installed on the island of Mallorca.

THAILAND—A loan equivalent to $36 million to Thailand for the **development of highways** was approved by the World Bank. The loan will finance the construction or improvement of sections, totaling about 480 miles, of **four national primary highways, and feasibility studies and engineering** of a further 120 miles. The project forms part of the Government's current large-scale road investment program designed to provide a network of paved roads capable of accommodating traffic, which has been growing at an annual rate of about 20% in recent years.

During 1965-71, the Government plans to invest the equivalent of about $400 million for the construction of 2,800 miles of new roads and the paving of 1,950 miles of existing roads. This will almost double present road capacity. The roads being assisted by the loan are part of the program. Some of the roads were engineered with funds from a Bank loan of $25 million made in June 1963. The earlier loan also financed the construction or improvement of 390 miles of roads, the purchase of maintenance equipment, and consultant's services for the reorganization of the Department of Highways, including the training of Thai personnel.

Thailand's road network, like its other transport arteries, runs mainly from north to south; a lateral network of secondary roads feeds into them. Communication from east to west is difficult and less developed because several mountain ranges and rivers must be crossed. All major roads converge on Bangkok.

One of the roads being financed with the present loan extends 60 miles from Bangkok to Siracha via Cholburi; it forms part of the trunk road that crosses the southeastern region from Bangkok to the Cambodian border.

The most heavily congested parts of the existing two-lane road will be replaced by four-lane, divided sections and a second two-lane road will be built over the rest of the route to Siracha.

Although it covers only 7% of the land area, the southeast grows 80% of the cassava crop, a third of the sugar cane and 10% of the rice. It is also Thailand's most important industrial area; between Bangkok and Cholburi, some 30 miles away, there is a large petroleum refinery, several textile mills, sugar and tapioca refineries and several food-processing plants.

The second road extends 260 miles from Nakorn Sawan to Chiengrai and comprises the northern two-thirds of a trunk road that traverses the country from Bangkok to the Burmese border. This road is the backbone of the transportation network of the northern region, and connects with the populous and well-developed Central Valley. The northern region produces more than half the country's maize and tobacco, half the cotton and groundnuts, all the teakwood and half of all other timber. It has several urban centers including Chiengmai, the second largest city and an important cultural and tourist center.

The other two project roads are in the northeast, the least developed part of the country. They are the Udorn-Sakoinakorn 100-mile road, which is an easterly branch of Thailand's second north-south trunk road, and the Khonkaen-Chumphae 60-mile road, a westerly branch of the same trunk road. These roads should help open up the northeast and support the Government's efforts to alleviate the poverty of the area by investments in agriculture, irrigation, transport and community development.

The road project is scheduled for completion in the first half of 1970 at a total estimated cost equivalent to $72.5 million. The Bank loan will cover the foreign exchange requirements and the remaining costs will be provided by the Government. Unit price contracts for construction work are being placed on the basis of international competitive bidding.

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Calendar *for international traders*

ATLANTA—July 28—Export Conference, Field Office. Sponsors: Atlanta Field Office, Department of Commerce; REEC.

BOSTON—July 21-22—Businesmen's Consultations with William Dawson, Commercial Officer, Istanbul, Field Office. Sponsor: Boston Field Office, Department of Commerce.

BOSTON—Aug. 8—Businessmen's Consultations with William S. Krason, Commercial Attache, Karachi, Field Office. Sponsor: Boston Field Office, Department of Commerce.

CEDAR FALLS, IA.—Aug. 3—Foreign Trade Bureau of Chamber of Commerce, monthly meeting, 10 a.m., Chamber of Commerce.

CHICAGO—July 20—Chicago-Midwest Credit Management Assn., LaSalle Hotel.

CHICAGO—Aug. 16—Meeting for Exporters, Field Office.

CINCINNATI—July 22—Export Workshop, Field Office. Sponsors: Cincinnati Field Office, Department of Commerce; REEC.

CLEVELAND—July 27—Export Expansion Workshop, 10:30 a.m.-12 noon, Field Office. Sponsors: Cleveland Field Office, Department of Commerce; REEC.

CLEVELAND—Aug. 31—Special Exporters Session on Documentation, 10 a.m.-12 noon, Field Office. Sponsors: Cleveland Field Office, Department of Commerce; REEC.

DALLAS—July 20—Export Expansion Workshop, Field Office. Sponsors: Dallas Field Office, Department of Commerce; REEC.

DAYTON, OHIO—July 22—Export Workshop. Sponsors: World Trade Dept. of Chamber of Commerce; Cincinnati Field Office, Department of Commerce; REEC.

DETROIT—July 26—Export Semiar, 9:15 a.m., Federal Bldg. Sponsors: Detroit Field Office, Department of Commerce; REEC.

DETROIT—Aug. 9—Export Seminar, 9:15 a.m., Federal Bldg. Sponsors: Detroit Field Office, Department of Commerce; REEC.

HARTFORD, CONN.—Aug. 9—Business's Consultations by appointment with William S. Krason, Commercial Attache, Karachi, 9 a.m., Field Office. Sponsor: Hartford Field Office, Department of Commerce.

KANSAS CITY, MO.—July 28—Workshop for New Exporters, Federal Office Bldg. Sponsors: Kansas City Field Office, Department of Commerce; REEC.

Notice

To publicize local events concerning foreign trade in the "Calendar for International Traders," information should be submitted to this magazine at least 2 weeks before the date of the issue in which it appears. Please include time, place, sponsoring organization and special topic, if applicable. Meetings must be open to the public in order to be publicized in this space.

Write:
Editor,
International Commerce
Bureau of International Commerce
U.S. Department of Commerce
Washington, D.C. 20230.

KANSAS CITY, MO.—Aug. 11—Workshop for New Exporters, Federal Office Bldg. Sponsors: Kansas City Field Office, Department of Commerce; REEC.

LUBBOCK, TEX.—July 27—Export Expansion Workshop. Sponsors: Dallas Field Office, Department of Commerce; REEC; Chamber of Commerce.

MEMPHIS—July 20—Mid-South Exporters' Roundtable, Hotel King Cotton.

MINNEAPOLIS—July 20—Businessmen's Consultations by appointment only with Elmer W. Klapmeier, member U.S. Trade Mission to Iran and Afghanistan. Field Office.

NEWARK, N.J.—July 20—Mobile "Profits in Exports" Conference, U.S. Steel Supply. Sponsors: U.S. Steel Supply; New York Field Office, Department of Commerce.

NEW ORLEANS—July 20—Export Managers Club, luncheon meeting, Monte Leone Hotel. Speaker: **Roy L. Morgan, Director, Office of Field Services.**

PHILADELPHIA—July 19—Foreign Traders Assn. of Philadelphia, Inc. dinner meeting, 6 p.m., Sheraton Hotel.

SAN FRANCISCO—July 19—Businessmen's consultations with members of U.S. Trade Mission to Iran/Afghanistan, Chamber of Commerce.

SAN FRANCISCO—July 27—Export Finance and Insurance Seminar, 9:30 a.m., New Federal Bldg.

TOPEKA, KAN.—July 22—Workshop for New Exporters, Chamber of Commerce. Sponsors: Chamber of Commerce; Kansas City Field Office, Department of Commerce; REEC.

WHITE PLAINS, N.Y.—Aug. 10—Westchester County Foreign Trade Council, monthly luncheon meeting, 12 noon, Rogers Smith Hotel. Sponsor: Chamber of Commerce.

WICHITA, KAN.—July 21—Workshop for New Exporters, Chamber of Commerce. Sponsors: Chamber of Commerce; Kansas City Field Office, Department of Commerce; REEC.

WILLIAMSON, W.VA.—July 21—Business Seminar, 10:30 a.m., Appalachian Power Co. Sponsors: Charleston Field Office, Department of Commerce; Chamber of Commerce.

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Trade Dollars were first issued in 1873 for circulation in the Orient to compete with the Mexican peso, of high silver content. When first coined they were legal tender in the United States to the extent of $5.00. In 1887 a law was passed authorizing the Treasury to redeem all Trade Dollars not mutilated with "chop" marks. "Chop" marks such as the one stamped on the illustrated Trade Dollar were verifications of silver content by local Chinese governments. Trade Dollars today are collectors' items.